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CONFIDENTIAL.

(9878.)

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PART XXIV.

FURTHER CORRESPONDENCE

RESPECTING THE

AFFAIRS OF PERSIA.

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October to December 1910.

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† This despatch should have appeared as No. 187 on p. 95.

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* This telegram should have appeared as No. 205 on p. 106.

† This telegram should have appeared as No. 218 on p. 110.

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ERRATA.

Page 45, No. 104, line 2.—For "the 5th October" read "yesterday."
 Page 71, No. 136, heading.—For "(No. 301)" read "(No. 308)."
 Page 73, No. 146, line 3.—For "1st October" read "26th October."
 Page 107, footnote.—For "October 29" read "October 28."
 Page 112, No. 226, line 2.—After "memorandum" read "of the 31st October."

CONFIDENTIAL.

Further Correspondence respecting the Affairs of Persia.

PART XXIV.

[35483]

No. 1.

Sir T. Jackson to Mr. Mallet.—(Received October 1.)

Dear Mr. Mallet, 25, Abchurch Lane, London, September 28, 1910.
 I SEND you a copy of a telegram sent to Tehran to-day. My colleagues were all unanimous about not making any advance upon the Crown jewels, and as to joining the oil company in their proposed loan we do not think it would be good policy on our part to do so, but quite the contrary.

Very truly yours,
 T. JACKSON.

Enclosure in No. 1.

Translation of Telegram despatched to Mr. Wood, Tehran, September 28, 1910.

AFTER careful consideration, board regret they cannot advance against jewels. Your telegram the 24th September: board do not consider it advantageous to join loan syndicate. We are writing fully.

[35557]

No. 2.

Sir G. Barclay to Sir Edward Grey.—(Received October 1.)

(No. 396.)

(Telegraphic.) P.

Gulahek, October 1, 1910.

TURCO-PERSIAN relations.

I am informed by the Turkish Ambassador that, as the Persian Government have failed to afford him satisfaction in the settlement of certain outstanding questions, he has threatened them with reprisals against Persian subjects in Turkey if these cases are not settled within a specified period—about forty days.

It is understood that the subjection of Persians in Turkey to military service is included in these reprisals.

[35563]

No. 3.

Sir G. Barclay to Sir Edward Grey.—(Received October 1.)

(No. 397.)

(Telegraphic.) P.

Gulahek, October 1, 1910.

SHIRAZ consular escort.

It is proposed to relieve the Shiraz consular guard as soon as the state of the Shiraz-Bushire road will allow. I would propose to take advantage of this opportunity,
 [1761]

B

when it arises, to send back to Bushire the naval officer and five marines now at Shiraz (please refer to your telegram No. 44 of the 4th March).

On the other hand, I do not think that we shall be able to dispense at present with the Indian infantry detachment which reached Shiraz in July of last year simultaneously with the marines. The foreign service period of these men has, however, expired, and their relief should therefore take place at the same time as that of the consular guard.

It is in my opinion important that the Maxim gun (please refer to my telegram No. 735 of the 20th September, 1909) should remain at the Shiraz consulate, and, if the consent of the Admiralty can be obtained, I would urge that a Maxim crew from the Indian army should be included in the relieving detachment.

[35516]

No. 4.

Mr. O'Beirne to Sir Edward Grey.—(Received October 1.)

(No. 272.)

(Telegraphic.) P.

St. Petersburg, September 30, 1910.

PROPOSED loan on Persian Crown jewels.

My telegram No. 271 of the 28th September.

I have now received from the Russian Ministry of Foreign Affairs a *aide-mémoire* stating that although the transaction which the Imperial Bank of Persia propose to conclude appears to conflict with the exclusive rights possessed by the Russian Bank, yet the Russian Government will not oppose it if the British Government consider its conclusion necessary on important political grounds. At the same time the Russian Government make full reserves as to the Russian Bank's rights.

The *aide-mémoire* goes on to observe that Persia's financial difficulties cannot be seriously remedied by advances of such insignificant amount as that which is now contemplated, and expresses the opinion that such advances tend rather to encourage the continuance by the Persian Government of a policy detrimental to both Russian and British interests.

The Russian Government apprehend moreover that the pending negotiations for the conversion of the debts due to the Russian Bank may be injuriously affected by the proposed loan, and they state that it would, perhaps, be better if the conclusion of the loan were postponed until the negotiations are completed. The Russian Government, however, will not insist on this consideration if the British Government consider the early conclusion of the transaction a matter of urgency.

[34697]

No. 5.

Sir Edward Grey to Sir G. Barclay.

(No. 288.)

(Telegraphic.) R.

Foreign Office, October 1, 1910.

YOUR despatch No. 172 of 8th September: Persian Transport Company's road concession.

You are now aware from my telegram No. 276 of 21st September that company are prepared to begin work at once on Kum-Ispahan section. Your proposed reply to Persian Government therefore approved.

Points raised in your telegram No. 378 of 24th September will be dealt with separately from above in writing to company.

[35305]

No. 6.

Sir Edward Grey to Sir G. Barclay.

(No. 289.)

(Telegraphic.) P.

Foreign Office, October 1, 1910.

SOUTHERN roads.

I think consideration put forward in your telegram No. 389 of the 29th September should not deter us from making representations with regard to the condition of the roads.

[35750]

No. 7.

Consul-General Cox to Sir Edward Grey.—(Received October 3.)

(No. 6. Commercial. Confidential.)

Sir,

Bushire, September 11, 1910.

I HAVE the honour to report further on the position of the lighterage question in the Persian Gulf.

Firstly, as regards the situation in Bushire, my last report on the subject was forwarded to you by His Majesty's chargé d'affaires at Tehran under cover of his despatch No. 15, Commercial, of the 20th April, 1908. There is very little of a general character to add to the information contained in that despatch, but the following is a brief résumé of subsequent events which have brought the problem to an acute stage during the present year.

Towards the close of the year 1908 both the British India Steam Navigation Company and the Anglo-Algerian Steam-ship Company took up the question and proposed to make arrangements for lighterage their cargoes independently of the "hammal-bashi," or landing contractor. The scheme fell through owing to lack of concerted action, the Bushire agent of the latter company warning his principals that such a forward step would only lead to disturbances with the local community. In February 1909, without the shadow of support from its fellow shipping companies and without consulting this consulate-general as to the suitability of the juncture or assuring themselves of the neutrality of the local authorities, the British India announced to the general public that after four days' time all cargo arriving by their steamers would be landed by the company, who would collect expenses incurred before the goods could be cleared from the custom-house. This sudden announcement caused the truculent Bushire boatmen to adopt a threatening attitude, which might easily have led to serious breaches of the peace; while the Persian merchants forthwith proceeded to boycott the company's ships. At the same time, one Seyyid Murteza Ahremi, who had now temporarily usurped to himself the control of the customs and local government, sided with the boatmen, and as the result the new venture terminated abortively two months after its inception. From this moment, April 1909, it must have been clear to the minds of the Persian merchants that they had the power to coerce any one shipping company into any given course of action by simply transferring their custom bodily to a rival line.

No more was heard locally of the lighterage question until April in the present year, when the steam-ship "Broadgarth," chartered by the Anglo-Algerian line, arrived in Bushire, drawing 21 feet of water. There are in this port two anchorages, the outer being some 8 miles and the inner some 3 miles from the landing-stage. The latter provides excellent holding ground for ships of 18 to 20 feet draught only. The "Broadgarth" therefore anchored in the outer roads, the principal consignees having been duly notified to that effect four days previously. The hammal-bashi was advised by certain of the principal Persian merchants not to land her cargo unless the shipping agents engaged to indemnify him for the extra journey involved. The shipping agents had, I think, two excellent reasons for refusing to do this: (1) according to the terms of the bill of lading the ship's responsibility ceases as soon as the cargo leaves her tackles—that is to say, the company is not concerned with the landing of the cargo unless it is at the same time a landing company, and (2) in the agreement drawn up in 1905 between the principal Bushire merchants, both native and foreign, and the then landing contractor, their agent, it was expressly stipulated that the latter should not be entitled to extra fees for lighterage cargo from the outer anchorage. This agreement, which was registered in this consulate-general, was unfortunately good only for one year, and was never renewed; but in the absence of a fresh agreement the last one should be the basis of argument, and serves to point to the moral inadmissibility of the hammal-bashi's demands.

When the latter refused to lighter the steam-ship "Broadgarth," I at once made representations to the local authorities, and boats were sent off after a delay of twenty-eight hours, for which a claim of 32l. 11s. for demurrage has been formally preferred by the Anglo-Algerian Steam-ship Company to this consulate-general for favour of recovery.

In June the steam-ship "Trentham Hall" (Messrs. Bucknall Brothers), consigned to Messrs. Gray, Paul, and Co., arrived in port, and as hammal-bashi refused at first to lighter her from the outer anchorage, she attempted to come in nearer and ran aground.

Shortly after, the "Luristan" (Anglo-Algerian liner) anchored in the outer roads. Some days before her arrival earnest attempts had been made to arrange for matters to pass off smoothly, but the local authorities were powerless before the firm attitude taken up by the merchants and their landing contractor. I was myself compelled in the interests of Messrs. Strick to interview four of the principal Persian merchants who happened to be agents for well-known British firms, and to appeal to their obligations as such to induce them to modify their attitude. One of their number guaranteed for this particular occasion to square the hammal-bashi—that is to say, he undertook to pay what the hammal-bashi demanded. At the same time, it was arranged that the British Chamber of Commerce should at once meet half-a-dozen members of the Persian Chamber and discuss the general question. Nothing came of the meeting, however, and immediately after it the Persian merchants began to discuss amongst themselves the advisability of boycotting the Anglo-Algerian Steam-ship Company. By the personal efforts of myself and my consular assistant, expended in endeavouring to talk over the ringleaders, the fulfilment of this was staved off for a time, but eventually, on the 13th July, some forty merchants signed a solemn agreement to cease all dealings with the agents of the Anglo-Algerian Steam-ship Company in any capacity whatsoever. A few days previously another Bucknall Brothers' steamer, the steam-ship "Anatolia," consigned to Messrs. Gray, Paul, and Co., arrived early on a certain morning. As the hammal-bashi had previously called upon the agents and asked for money which had been refused him, the former declined to send out boats to the "Anatolia" which was in the outer anchorage.

After twenty-four hours' delay, however, she took the risk of grounding, and managed to come safely into the inner roads on the flood tide, and boats at once went out to her. As the captain of the vessel complained to the agents of this delay, it is extremely probable that in due course another claim for demurrage will be received.

The boycott of the Anglo-Algerian Steam-ship line is still in force at the time of writing, and shows no sign of weakening, in spite of the fact that warning telegrams have been sent to three at least of the ringleaders by their respective principals in London. The residency and consulate-general has exhausted its efforts to induce them to change their uncompromising attitude.

The action of the agent of the Anglo-Algerian Steam-ship Company has been approved by the Bushire British Chamber of Commerce, and appears to me to be strictly correct. It is probably, however, true that in former times certain shipping agents have privately given the hammal-bashi presents of money in order to avoid costly and vexatious delays and undesirable quarrels with native merchants, who are thus emboldened to state that their antagonism is directed solely against the agent of the Anglo-Algerian Steam-ship Company personally, and in no wise against the British shipping companies in general. The hollowness of this pretext is, however, shown:—

1. By the short-lived boycott of last year against the British India Steam Navigation Company, already referred to; and
2. By the fact that a few days before the incident of the "Broadgarth" occurred, the Persian Chamber of Commerce had decided amongst themselves that if the firm of Messrs. Gray, Paul, and Co. (agents for British India Steam Navigation Company and Bucknall Brothers' line) did not cease their interference with the landing arrangements (meaning their present practice of partially unloading their own cargo and collecting their charges before releasing the goods) they should be boycotted.

It may be mentioned here as throwing side-light on the attitude of Messrs. Sassoon's agent, Haji Reis-ut-Tujjar, that the present hammal-bashi is a relative of his by marriage, so that Haji Reis' reasons for supporting him are partly personal.

In my opinion, the boycott of the Anglo-Algerian line can only be terminated either by compromise between the agent and the merchants, which would involve the abandonment locally of shipping laws recognised in all ports of the civilised world, or (2) by the ringleaders being made clearly to understand by their British principals that they will assuredly lose their agencies by persisting in their present line of action.

The moral of these incidents is clear. In the interest of British commerce in this port it is imperative that the despotism of the unruly boatmen and their hopelessly incapable leader, the hammal-bashi, should cease, and that a competent lighterage company, under the control of British shipping companies, take its place. The necessity for this, and the danger, almost the certainty, that in the opposite event other foreign enterprise will do the work instead, have already been dwelt upon in my previous report on the subject, and need only be alluded to in this place.

At the present moment, the chief obstacle to advance in the direction of the formation of a lighterage company by the British shipping companies seems to lie in the existence of a certain amount of suspicion of one another in the minds of the agents of the several companies, or even the companies themselves, and more particularly in the difficulty experienced in getting the Bombay and Persia Steam Navigation Company to join the syndicate. Recent news from London, however, warrants the hope that this difficulty is tending towards solution.

With regard to the number of lighters available in Bushire, my information is to the effect that ordinarily these number some fourteen to sixteen. Recently, when boats were out of harbour fetching in grain from the district ports, only nine were to be had. One heavily-laden vessel (such as a ship carrying oil) anchored in the outer roads may need anything from nine to twelve lighters for herself alone. Complaints of the paucity of lighters are only heard when two steamers happen to be in port together, a phenomenon which, however, is already not rare and might easily occur pretty frequently. On such occasions one of the shipping agents sometimes offers a present of money to the boatmen to induce them to unload his vessel first.

As has been previously reported, however, a good steam-tug with some eight lighters in good repair would probably suffice at present. The difficulty is that lightering from a distance of 3 to 8 miles off with sailing craft only is a very tardy business in adverse weather, which sometimes even compels the men to row the whole way. Naturally, the provision of boats which could in case of need make a double journey would make possible some economy in the number of the boats needed.

With regard to the ports of the Persian Gulf other than Bushire itself, I have to report that, with the exception of Muscat, where lighterage is the monopoly of His Highness the Sultan, the agent for each company undertakes his own lightering, which occupation indeed often brings him in more profit than the agency itself. In Muscat there is no lack of lighters; in the other ports they are somewhat scarce as regards the individual wants of the several companies, but would be more than sufficient if all under the control of one man or one company, who received due warning of the approaching arrival of all ships, and was enabled to make his arrangements accordingly. It is generally considered amongst the shipping agents that it would be impracticable to attempt to form one general lighterage syndicate for the whole of the Persian Gulf, but they agree that such a scheme for Bushire is essential to the progress and well-being of the port.

While the foregoing paragraphs were being faired for dispatch, the Under-Secretary's telegram of the 1st September, 1910, was received giving me discretion to inform the Persian agents of British firms that the protection hitherto accorded them in business matters would be suspended until they ceased their attitude of obstruction.

As I had just addressed one of them again at length a letter which will doubtless be passed on to the others, I propose to wait a few days to see whether it has any effect before making the further communication now authorised.

I have, &c.

P. Z. COX, Lieutenant-Colonel.

[35642]

No. 8.

Sir G. Louther to Sir Edward Grey.—(Received October 3.)

(No. 691.)

Sir,

Constantinople, September 26, 1910.

I HAVE the honour to transmit herewith copy of a despatch which I have addressed to His Majesty's consul at Bussorah, in accordance with the instructions contained in your despatch No. 279 of the 17th instant, in which you request me to call on him for an explanation of his conduct in regard to the general question of the recent dispute between the Sheikh of Mohammerah and the Vali of Bussorah.

Inote that after a careful study of the history of the incident, you have reached the conclusion that the conduct of the vali was violent and arbitrary and the attitude of the sheikh reasonable and conciliatory, but I would venture to submit that the former view is not necessarily admitted by the Porte from the fact of the vali's recall, for though that fact might in itself prove a satisfaction to the sheikh, especially in the eyes of his Arabs, I have not been able to ascertain that it had necessarily anything to do with the incident. It possibly was occasioned by a too great activity on the vali's part in directions which brought him into collision with the Vali of Bagdad.

I would also venture to observe that the action of the sheikh in refusing to hand

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C

over Chinan to the vali, and in subsequently bringing him down in his ship as a guest to talk matters over with the vali, was, following on his previous refusals to deliver up criminals and other persons wanted by the Turkish authorities, at least open to an interpretation other than that of a conciliatory act.

I have, &c.

GERARD LOWTHER.

Enclosure in No. 8.

Sir G. Lowther to Consul Crow.

Sir, *Constantinople, September 26, 1910.*
HIS Majesty's Principal Secretary of State for Foreign Affairs has had under careful consideration the despatches in which you have reported to this embassy on the subject of the recent dispute between the Vali of Bussorah and the Sheikh of Mohammerah, as well as the reports received at the Foreign Office from His Majesty's consul-general at Bushire, setting forth the history of the incident from the sheikh's point of view. After a minute study of these papers, Sir Edward Grey has reached the conclusion that the conduct of the vali was violent and arbitrary, and that the attitude of the sheikh was not otherwise than conciliatory and reasonable.

I regret to have to inform you that Sir Edward is further of opinion that, in your treatment of this question, you have failed to realise what are the true relations of His Majesty's Government with the sheikh and the true interests of Great Britain in the Persian Gulf. That this is the case Sir Edward considers is proved by the fact of your failure to inform me by telegram of the vali's projected attack on Zein as soon as it came to your knowledge (i.e., presumably on the 23rd April, the date on which you reported to me his language in your despatch No. 22)—a step whereby most of the complications which subsequently arose might very likely have been avoided—and by the statement in your letter of the 27th April to His Majesty's acting consul at Mohammerah, that the sheikh's day of reckoning had come, and that, though the action of the Turkish authorities might be arbitrary, you would press for them to be supplied with the proper means to carry it through.

Sir Edward cannot but think that your conduct in connection with this incident has been injudicious and ill-calculated to further the policy of His Majesty's Government, and he has instructed me to ask you for an explanation of your general treatment of this question, and in particular of your attitude on the points specified above.

I enclose, for your information, a copy of the assurances which it is proposed to convey to the sheikh.

I have, &c.

GERARD LOWTHER.

[35812]

No. 9.

Sir G. Barclay to Sir Edward Grey.—(Received October 3.)

(No. 398.)

(Telegraphic.) P.

Gulahek, October 3, 1910.

OIL company's proposed loan to Persian Government.

In continuation of my telegram No. 395 of 30th September, I have the honour to report that the Persian Government would be ready to accept a loan of 100,000*l.* at par, at 5 per cent., giving as security their interest in the oil company.

Although these conditions are not as favourable as the Strathcona Syndicate desire, I submit that they would do well to accept the present offer, on the condition, of course, that they obtain the concession, and thus obviate all danger of a third party acquiring the Persian Government's interest in the oil company.

Negotiations for the concession and loan will be broken off if the syndicate do not accept present offer.

[35821]

No. 10.

Sir G. Lowther to Sir Edward Grey.—(Received October 3.)

(No. 214.)

(Telegraphic.) P.

Constantinople, October 3, 1910.

TURKEY and Persia.

I had occasion to see Rifaat Pasha to-day, and inquired whether his Excellency knew anything about the action of the Ottoman Ambassador at Tehran (as reported to you in Sir G. Barclay's telegram No. 396). Rifaat replied that the Ambassador had not said that the Persians in Turkey would be seized as conscripts for the Ottoman army, but that the outstanding claims of Persians would not be proceeded with by the Porte unless the settlement of Turkish cases is expedited by the Persian Government.

The Foreign Minister explained, however, that any children of a union between Turks and Persians, though considered illegitimate by Turkish law which forbids such marriages, were always Ottoman subjects, and consequently subject to conscription.

[35516]

No. 11.

Sir Edward Grey to Mr. O'Beirne.

(No. 608.)

(Telegraphic.) R.

Foreign Office, October 3, 1910.

YOUR telegram No. 272 of 30th September: Imperial Bank's proposed loan to Persia.

If you have not already done so, you should thank Russian Government for their friendly attitude.

[35811]

No. 12.

Sir Edward Grey to Sir G. Barclay.

(No. 165.)

Sir,

Foreign Office, October 3, 1910.

THE Persian Minister called at this Office on the 27th ultimo and read to Mr. Mallet a telegram from the Persian Minister for Foreign Affairs stating that the recent fighting at Ardebil with the Shahsevans had been rendered abortive by the encouragement and asylum given to the rebels by the Russians, the former crossing the frontier into Russian territory whenever pursued. The repeated notes sent by the Minister for Foreign Affairs to M. Poklewsky had remained unanswered.

In reply, Mr. Mallet read to the Minister your telegram No. 381 of the 25th ultimo, in which it is stated that, had it not been for the presence of the Russian troops at Ardebil, the place would have been sacked by the rebels.

I am, &c.

E. GREY.

[34696]

No. 13.

Foreign Office to the Anglo-Persian Oil Company.

Sir,

Foreign Office, October 3, 1910.

WITH reference to your letter of the 8th July last, I am directed by Secretary Sir E. Grey to inform you that he has received a despatch from His Majesty's Minister at Tehran relative to a claim which your agents request that he should present to the Persian Government for loss due to the delay to your company's operations, which they state has resulted through the Persian Government's refusal to consent to the placing of their barges on the Upper Karun.

It appears from the reports of His Majesty's acting consul at Mohammerah, who has been in correspondence with Messrs. Lloyd, Scott, and Co., that the company's barges were placed on the Upper Karun very shortly after their arrival,

notwithstanding the refusal of the Persian Government to grant permission for this purpose. In these circumstances, Sir G. Barclay felt himself unable to present the claim to the Persian Government, and caused Messrs. Lloyd, Scott, and Co. to be informed accordingly.

I am to add that Sir E. Grey has approved Sir G. Barclay's action in this matter.

I am, &c.

LOUIS MALLET.

[35971]

No. 14.

Anglo-Persian Oil Company to Foreign Office.—(Received October 4.)

*Winchester House, Old Broad Street,
London, October 3, 1910.*

Sir,

I HAVE the honour to acknowledge your letter of the 8th ultimo addressed to the vice-chairman of my company, and to apologise for the delay in replying thereto, which has been due to the absence of myself and the vice-chairman from town and to the delay in getting replies from the various other persons interested in this matter who are at this time of the year widely scattered.

As compared with the suggestion that you were good enough to put forward in your letter to Mr. C. W. Wallace of the 29th August the suggestion referred to in your letter now under reply is to practically double the amount of the loan without increasing the proposed collateral security.

Mr. Preece was accordingly informed that this proposal could not be entertained.

In the meantime, however, Mr. Wallace had received from our chairman a favourable reply to the letter which he addressed to him on the subject of the suggestion contained in your letter that a loan of 100,000*l.* might be made upon the security of the Persian Government's interest in the Anglo-Persian Oil Company's concession, and Mr. Preece was accordingly authorised to negotiate with the Persian Government for a loan on this basis.

I have to-day received a telegram from him advising that the Persian Government are now willing to accept a loan of 100,000*l.* at 5 per cent. on this security. I am therefore formally placing this proposal before the other directors of the company and have every reason to believe that they will approve.

Mr. Wallace, when he was last in town, desired me to say, with regard to the last paragraph of your letter of the 8th September, that he is not, and does not propose to become, a director of the mining syndicate or company. He will be merely a passing shareholder. In the meantime I am acting as the managing director of the mining syndicate, and dealing with all matters connected with the concession which Mr. Preece is seeking to obtain.

Mr. Wallace, by the way, remains the vice-chairman of the Anglo-Persian Oil Company. He resigned the managing directorship in my favour last January, and I have in that capacity dealt and am dealing with your letter of the 8th September, though it is addressed to the vice-chairman.

I have, &c.

C. GREENWAY,
Managing Director.

[35995]

No. 15.

Sir G. Barclay to Sir Edward Grey.—(Received October 4.)

(No. 399.)

(Telegraphic.) P.

Gulahak, October 4, 1910.

TURKS and Sheikh of Mohammerah.

Instructions have been sent to His Majesty's consul-general at Bushire in the sense of your telegram No. 281 of the 27th September, and he will proceed on the 9th October on board His Majesty's ship "Redbreast" to Mohammerah.

In this connection I have the honour to enquire whether it has been decided to make no communication to Sheikh Khazal respecting Zain incident, as suggested in

my telegram No. 370 of the 18th September? He was duly informed of concluding sentence of your telegram No. 261 of the 5th September, and he will certainly revert to the subject when he sees Lieutenant-Colonel Cox.

In view of Lieutenant-Colonel Cox's approaching departure for Mohammerah, I venture to request early instructions.

[35155]

No. 16.

Foreign Office to Messrs. Seligman Brothers.

Gentlemen,

Foreign Office, October 4, 1910.

I AM directed by Secretary Sir Edward Grey to acknowledge the receipt of your letter of the 26th ultimo, relative to the loan which you propose to make to the Persian Government, and to inform you in reply that, subject to the conditions laid down in the letter from this Office of the 21st May, His Majesty's Government have no objection, in principle, to the procedure which you contemplate adopting in connection with this transaction.

I am, &c.

LOUIS MALLET.

[36128]

No. 17.

Mr. O'Beirne to Sir Edward Grey.—(Received October 5.)

(No. 274.)

(Telegraphic.) P.

St. Petersburg, October 5, 1910.

LOANS to Persia.

Your telegram No. 604 of the 30th September.

I saw M. Sazonow to-day, and his Excellency informed me that once the conversion of the debts due to the Russian Bank was effected there would be no opposition on the part of the Russian Government to loans from British sources to the Persian Government.

[35971]

No. 18.

Sir Edward Grey to Sir G. Barclay.

(No. 290.)

(Telegraphic.) P.

Foreign Office, October 5, 1910.

OIL company's proposed loan to Persian Government (see your telegram No. 398 of the 3rd October).

Persian Government's new proposal is being placed before his colleagues by the managing director of the mining syndicate. He is confident of their approval.

[34961]

No. 19.

Foreign Office to India Office.

Sir,

Foreign Office, October 5, 1910.

WITH reference to your letter of the 11th April, relative to the delay in the submission of the Arabistan Telegraph Convention to the Persian Medjliss, I am directed by Secretary Sir Edward Grey to transmit to you herewith copy of a telegram^a from His Majesty's Minister at Tehran, suggesting that he should authorise the director of the Indo-European Telegraph Department at that capital to refuse the settlement of the overdue departmental annual account with the Persian Minister of Telegraphs till the convention has been passed by that Assembly.

I am to state that, subject to the concurrence of Viscount Morley, Sir E. Grey would propose to authorise Sir G. Barclay to act as he suggests.

I am, &c.

LOUIS MALLET.

^a See Part XXIII, No. 462.

[34622]

No. 20.

Foreign Office to Persian Transport Company.

Sir,

Foreign Office, October 5, 1910.

WITH reference to your letter of the 12th ultimo, relative to the concessions for the construction of roads which your company hold from the Persian Government, I am directed by Secretary Sir Edward Grey to inquire whether your directors would wish His Majesty's Government to approach the Russian Government with the request that they will consent to the extension of the period allowed for construction in order to permit of the completion of the unfinished portions of these roads.

I am, &c.

LOUIS MALLET.

[35995]

No. 21.

Sir Edward Grey to Sir G. Barclay.

(No. 291.)

(Telegraphic.) P.

MOHAMMERAH.

Please refer to your telegram No. 399 of the 4th October.

If the sheikh alludes to the question, Cox may tell him that His Majesty's Government will shortly inform him of the terms of the proposed communication to the Porte, which, as their examination of the case is ended, will not long be delayed.

Foreign Office, October 6, 1910.

[35971]

No. 22.

Sir Edward Grey to Sir G. Barclay.

(No. 292.)

(Telegraphic.) P.

OIL company's proposed loan.

Please refer to my telegram No. 290 of the 5th October.

The oil company have been informed that until the completion of the conversion of the Russian debt no approval can be given to any loan.

Foreign Office, October 6, 1910.

[34697]

No. 23.

Foreign Office to Persian Transport Company.

Sir,

Foreign Office, October 6, 1910.

WITH reference to the letter from this Office of the 4th August relative to the concession held by your company for the construction of certain roads in Persia, I am directed by Secretary Sir Edward Grey to inform you that he has received a despatch from His Majesty's Minister at Tehran reporting that he has addressed a note to the Persian Government informing them that the grave political troubles and the generally unsettled state of the country during the past years had so impeded the company that they would be unable, so far as could be seen, to carry out the works necessary for the completion within the given time of the Kum-Sultanabad road, the Burujird-Ispahan road, and the road from Kum to Ispahan.

The Persian Government have replied that, in the opinion of the Ministry of Public Works, recent events in Persia have been no obstacle to the construction of the roads.

Sir G. Barclay proposes in his answer to adhere to the view expressed in his previous note, emphasising especially the chronic disorders in Luristan which have closed that province to all enterprise, and to enquire of the Persian Government whether it is prepared to guarantee the safety, providing sufficient escort to secure it, of those employed to construct the roads mentioned in your company's concession.

Sir E. Grey has addressed to Sir G. Barclay a telegram informing him that his proposed reply to the Persian Government is approved.

I am, &c.

LOUIS MALLET.

[36297]

No. 24.

India Office to Foreign Office.—(Received October 7.)

Sir,

India Office, October 6, 1910.

WITH reference to your letter of the 30th April last, I am directed by the Secretary of State for India to forward, for the information of the Secretary of State for Foreign Affairs, copy of further telegrams exchanged with the Government of India on the subject of the Persian newspaper, "Habl-ul-Matin."

In view of the fact that the attacks on the British Government are abating, Viscount Morley thinks it unnecessary to take any action against the editor unless the Russian Government complain, and, if Sir E. Grey concurs, he proposes to instruct the Government of India accordingly.

I am, &c.

R. RITCHIE.

Enclosure 1 in No. 24.

Government of India to Viscount Morley.

(Telegraphic.) P.

September 28, 1910.

YOUR telegram of the 5th May last regarding the "Habl-ul-Matin."

The editor received through the Bengal Government a warning that he would not be permitted to remain in British India unless he modified the tone of his articles, which have been no less offensive to the British than to the Russian Government. On the 29th June an expression of regret was received from the editor, who suggested that through imperfect translation the meaning of the articles might to some extent have been misconceived. This was not the case.

Subsequent articles have been very offensive to Russia, though less offensive to ourselves. The paper openly advocates in the issue of the 12th September, No. 12, that the Persian secret societies, in co-operation with Russian revolutionaries, should bring about internal troubles for the Russians, and that, in the event of this failing to put a stop to the aggression of Russia and result in her troops being withdrawn, the spiritual leaders of Persia should be induced to put forth an appeal demanding their forcible expulsion. Other suggestions are guerilla warfare and an appeal to Europe.

What purports to be a letter from a correspondent is published by the editor in the same number of the paper. The writer alleges that, but for the protection of an alliance with England, the Russian Government would not have ventured to adopt their present tactics, and he appeals to Indian Mahomedans for sympathy with their brethren in Persia, and for measures, if not in support of the Persians, in defence of their own Islamic rights, and to prevent the enemies of Islam from trampling on Persia. With this object respectful protests should be lodged with the British Government, which should be requested to refrain from supporting the aggressive policy of Russia.

At the end of August a final warning had been conveyed orally to the editor, who then said that without abuse of Russians and English his influence in Persia could not be maintained, and hinted that an invitation to go to Berlin had been received by him.

Unless expulsion at this moment is rendered undesirable by anything in the situation at Tehran, we propose that action shall be taken by us forthwith.

(Repeated to Tehran.)

Enclosure 2 in No. 24.

Viscount Morley to Government of India.

(Telegraphic.) P.

India Office, September 29, 1910.

"HABL-UL-MATIN." Your telegram dated the 28th September.

To justify expulsion on the grounds of an attack on a foreign Government is not perfectly simple, and I desire that until I have had time for consultation here no further steps may be taken.

[36344]

No. 25.

*Messrs. Dixon and Co. to Foreign Office.—(Received October 7.)**Whitworth House, Princess Street, Manchester,
October 6, 1910.*

Sir,

WE had the honour to address you respecting the security of the caravan routes in Persia on the 29th August, and were gratified to learn from your letter of the 7th September that an effective scheme for dealing with the situation was under consideration, and that the application of this scheme would be insisted on if the Persian Government did not themselves take active steps within a given time.

Since our last respects our difficulties in Persia have been very greatly increased owing to trouble arising with the insurance people; not only are they refusing to pay in full our claims coming forward, but are declining to do any further insurance except at extremely high rates of premium. This is in a large measure due to the heavy robbery claims, amounting to 873*l.*, which are outstanding against the Persian Government, and some of which are several years old.

We enclose a list of these claims, and would respectfully urge that stronger measures should be taken for the recovery of these amounts. Naturally, if we could repay these sums to the insurance people we should be enabled to effect further insurances, and so continue shipping goods in fair volume to Persia. As it is our trade with Persia has dwindled away, and our shipments are nothing compared to what they were before the troubles began.

The main point, however, remains—the question of the future security of the routes—and we should esteem it a great favour, and it would be of valuable assistance to us, if you would kindly inform us as to what progress has been made towards the application of the new scheme for the protection of the caravan routes.

We are, &c.

H. C. DIXON AND Co.

P.S.—We beg to draw your special attention to the fact that out of the value of nine bales robbed between Shiraz and Bushire in 1909, amounting to 176*l.*, the value of five bales, amounting to 102*l.* 15*s.*, has been recovered from the Persian Government, whereas the older claims in 1908 have not been recovered. This progress with this latter claim makes us fear that the earlier ones are being overlooked.

H. C. D. AND Co.

Enclosure in No. 25.

STATEMENT of Bales robbed and Value not recovered from Persian Government.

Date.	Item.	Value.
1908.		£ s.
March 23-24 ..	6 bales piece-goods robbed between the districts of Shiraz and Abtarik	130 0
January 19 ..	16 bales piece-goods robbed between the districts of Bushire and Shiraz on the bridge of Dalaki	213 0
November 4 ..	37 bales piece-goods robbed between the districts of Sholgestan and Yezdekhasht	482 0
	Total	825 0

STATEMENT of Bales robbed and Value recovered (in part) from Persian Government.

Date.	Item.	Value.
1909.		£ s.
June 1	9 bales piece-goods robbed between the districts of Shiraz and Bushire, at Haft Mulla	176 0
	Out of these 9 bales we have recovered from the Government the value of 5 bales	102 15

H. C. DIXON AND Co.

[34699]

No. 26.

Sir Edward Grey to Sir G. Barclay.

(No. 171.)

Sir,

Foreign Office, October 7, 1910.

I HAVE received your despatch No. 174 of the 8th ultimo relative to the laying of a telephone line by the Anglo-Persian Oil Company.

I approve the language of the notes addressed by you to the Persian Government on the subject, and, in view of the considerations advanced by you, I have recommended to the favourable consideration of the company the compromise which you advise them to adopt in order to overcome the opposition of that Government to the laying of the telephone line and to the free navigation of the Upper Karun by the company's barges.

I am, &c.

E. GREY.

[34699]

No. 27.

Foreign Office to Anglo-Persian Oil Company.

Sir,

Foreign Office, October 7, 1910.

I AM directed by Secretary Sir E. Grey to inform you that His Majesty's Minister at Tehran has been in correspondence with the Persian Government regarding the laying of a telephone line by your company, and has now furnished a report on the subject.

In Sir G. Barclay's opinion the line is exclusively for the use of the company, and is indispensable to the proper working of the pipe line. There is, moreover, a clear precedent in the company's favour in the case of the telephone which runs along the Russian Resht-Tehran road, for which there has been no special concession.

The Persian Minister for Foreign Affairs with whom Sir G. Barclay has discussed the matter appears to realise that the telephone is indispensable for the proper working of the pipe line, but he maintains that the right secured to the company by article 2 of its concession to construct the necessary "travaux et agencements" (rendered in the English text "works of arrangements"), cannot properly be interpreted as applying in the case of a telephone which he contends should form the object of a special concession.

Sir G. Barclay does not apprehend that the Persian Government will be so ill-advised as to resort to active measures to interfere with the telephone, but he entertains but little hope of inducing them, at any rate without some *quid pro quo*, to admit that the company is acting within its rights; and as, unless the Persian Government's consent can be secured, the telephone will, like the barges on the Upper Karun, be a constant source of friction between the Persian Government and the company, he thinks the latter would be well advised to consider whether some *quid pro quo* could not be offered, whether, for instance, it could not see its way to admit a generous interpretation of article 4 of the concession, which provides that three petroleum mines now worked by Persians shall be comprised in the concession for a payment of 2,000 toman a year. This article, as you are aware, is now in dispute, the Persian Government contending that they are entitled to the 2,000 toman a year since the granting of the concession, the company, on the other hand, maintaining that as it has never used the three petroleum mines referred to, it is not liable for this annuity. If this question were submitted to arbitration, it would, Sir G. Barclay considers, be a matter of some doubt whether the company would win its case, and he thinks that the company would be acting in its best interest if it were to pay full arrears of this annuity to the Persian Government on condition that the latter desisted from their opposition to the barges and the telephone.

I am to recommend this suggestion to the favourable consideration of your directors.

I am, &c.

LOUIS MALLET.

[1761]

E

[36465]

No. 28.

*Anglo-Persian Oil Company to Foreign Office.--(Received October 8.)**Winchester House, Old Broad Street,
London, October 7, 1910.*

Sir,

I BEG to acknowledge receipt of your letters Nos. 34691 and 34696 of the 3rd instant, the former enclosing copy of a despatch received from His Majesty's Minister at Tehran and copies of correspondence between His Majesty's acting-consul at Mohammerah and the Persian Foreign Office agent on the subject of the barges placed by my company on the Upper Karun, and the latter dealing with the claim which it was suggested by our agents should be presented to the Persian Government in respect of the loss resulting from the delay in our operations consequent on the Persian Government's refusal to consent to the placing of these barges on the Upper Karun.

With regard to this correspondence, I beg to report that I received about ten days ago an urgent call from his Excellency Mirza Mehdi Khan Mushir-ul-Mulk, the Persian Minister in London, to interview him in regard to the matter of the barges, and also of the telephone line which we are erecting in connection with our pipe line. At this interview, which occupied some hours, he urged that neither of these works were, in the opinion of his Government, authorised by our concession, and after going over the whole ground exhaustively without arriving at any agreement he asked me to write to him a letter, to pass on to his Government, giving our views on the matter, and suggesting some way out of the difficulty that would afford his Government some means of satisfying the criticisms and objections of the Medjliss.

I have accordingly drafted the enclosed letter, but before sending it on to his Excellency I shall be obliged if you will kindly let me know whether or not you see any objections to it.

Should you desire to see me about the matter I shall, of course, be pleased to call upon you at any time.

As regards your letter No. 34696, advising that Sir G. Barclay did not under the circumstances—i.e., the short delay which occurred between the arrival of our barges in Persia and their placement on the Upper Karun—feel justified in placing our claim before the Persian Government, I beg to state that my company fully concur in this decision.

I have, &c.

C. GREENWAY,
Managing Director.

Enclosure in No. 28.

*Mr. C. Greenway to Mirza Mehdi Khan.**Winchester House, Old Broad Street,
London, October 7, 1910.*

Your Excellency,

WITH reference to the interview I had with you and his Excellency Sadigh-es-Sultaneh a short time ago on the subject of the objections which have been raised by your Government to (1) the construction of a telephone line by my company in connection with the pipe line they are laying between the oil-fields and Abadan Island, and (2) the placing of barges for the transport of their material on the Upper Karun, I have not yet been able to bring these questions and your representations before a full board meeting, but I have discussed them with the one or two of my co-directors who have been in town.

They think it desirable that I should, when writing the letter you asked for, take the opportunity of pointing out that the concession which we hold is one of very great potential value to your Government, and therefore that it is to their interest that our preliminary work, including the pipe line, refinery, and all necessary "works of arrangement" in connection therewith should be completed, and the company be brought to a profit-sharing stage, as quickly and as economically as possible.

As regards the particular "works of arrangement" to which your Government have raised objections, I beg to draw your attention to the following points:—

Telephone Line.—1. That a telephone line is an absolutely essential accompaniment of any pipe line of any length, because it is necessary, in order to avoid serious

losses, in the event of breakages or leakages of the pipes, that all parts of the line should be in close communication with the engineers in charge.

2. That a telephone is just as necessary for the proper working of a pipe line as tanks, pumps, valves, or any other of the essential fittings of a pipe line.

3. That all long pipe lines in every country in the world are fitted with a telephone line.

4. That in other countries where telegraphs and telephones are a Government monopoly no objection is ever taken to the erection by oil companies of a private telephone as part of the equipment of a pipe line, the only condition made being that such companies are required to give an undertaking that they will not use the telephone line for the carriage of public messages, which undertaking my company is of course ready to give.

5. That the contemplated difficulty of the erection of this pipe line being availed of by the Russian Government as a ground for claiming the right to erect a telephone or telegraph line in Northern Persia cannot occur, inasmuch as our telephone line is only being erected as an essential part of our pipe line, and unless the Russians hold a similar concession and build a pipe line they cannot show any *raison d'être* for the erection of a telephone line.

Barges.—1. That the barges belonging to the Muin-ut-Tujjar now available on the Upper Karun are totally inadequate to the requirements of our company for the transport of our material, and at same time to carry the ordinary merchandise of the river, and therefore that we had no alternative but to provide barges of our own, as to have relied upon his boats only for the carriage of the large amount of material we are sending up to the oil-fields and for the pipe line would have meant incalculable delay.

2. That the provision of these barges was therefore a very necessary "work of arrangement," and that had any difficulty been placed in the way of carrying out this "work of arrangement" the company would have suffered a very serious loss, probably as much as 500*l.* per diem, for which my company would have considered themselves entitled to hold your Government responsible.

3. That the company at the beginning of this year, before purchasing their own barges, asked the Muin for the hire of two barges for the period during which the company's pipe-line material was being carried on the Upper Karun; that the company did, in fact, hire two barges from the Muin up till the 15th June this year, but the Muin declined to hire any barges to the company after that date, as he said they would then all be required for the carrying of country produce, whereupon the company was forced to purchase its own barges. As between the Muin and your Government this refusal on the part of the former to carry our material after the 15th June in itself constituted a breach of his concession and deprives him of any rights he may claim thereunder, the belated offer in June or July to hire us some barges for a further period, apart from the fact that his previous refusal to hire us any barges after the 15th June, showed that no reliance can be placed upon his ability to give us continuous use of his boats, came too late, inasmuch as the boats we had ordered at the beginning of the year, on receiving his intimation that he could not meet our requirements after 15th June, had already arrived in Persia.

4. That it was not in the power of the Muin, even had he any such intention or desire, to place a number of additional barges on the river at short notice, and therefore that it was absolutely necessary for us, to avoid the delay and loss that would have been involved in waiting until he could so augment his transport facilities, to build and send out to Persia the boats necessary for our purposes with the least possible delay.

5. That the concession granted by your Government has not been fulfilled by him, and is therefore invalid, inasmuch as it provides—

"*Firstly.*—That for the present . . . they shall have two vessels (launches) ready, that the property of merchants be not delayed;

"*Secondly.*—Should, on account of increase of traffic, two vessels (launches) not be sufficient, the Nasiri Company is bound to increase the number until sufficiency is obtained, so that the property of native and foreign merchants be not delayed at Bunda Nasiri;"

which conditions he has not carried out, since he has only one launch on the river, and has not barges enough to carry our material with ordinary dispatch.

6. That, moreover, your Government do not appear to have recognised that he has

any monopoly of the navigation on the river, since other Persian subjects are, we understand, permitted to ply boats on the river.

7. That we should not, in any case, have been satisfied with any assurances that the Muin would supply us with the number of boats required, unless he would have been prepared to deposit with an English bank a sum sufficient to cover any losses we might suffer through his inability to carry our material as quickly as we might require—say a sum of at least 150,000*l.*—because we are satisfied from the enquiries we have made that he could not, with the boats he can now command, or could quickly procure, carry our material sufficiently expeditiously, and that in any event he must necessarily, during the harvest season, subordinate the carrying of our material to the carriage of country crops.

With these explanations I trust your Government will see that my company had no alternative but to erect a telephone line, and to put their own barges on the Upper Karun, and that in doing so they were acting strictly within the terms of their concession. Also, that in doing otherwise, they would have failed, not only in their duty to their shareholders, but also in their duty to your Government, who, by virtue of the royalty they are to receive, are so vitally interested in the early and economical completion of the work.

At the same time my board is of course anxious to meet the wishes of your Government in every possible way, so long as they can do so without involving the shareholders in unnecessary loss.

The whole question, both in regard to the telephone line and the barges, appears to resolve itself into one of the political objections that may exist, notwithstanding that both are necessary "works of arrangements" which we are empowered to carry out under the terms of our concession, to the ownership of these services being in the hands of a British company.

This being the case, the only solution of the difficulty that I can suggest is that your Government should purchase from my company the telephone line and barges at their cost price, and give my company the exclusive use of same at a yearly rental, equivalent to say 5 per cent. per annum on the cost price, my company bearing the cost of all working expenses.

This, by giving your Government the ownership of both services, will entirely meet the objections which your Excellency kindly explained to me, and if such a proposal would meet the views of your Government I am quite sure that my board would acquiesce.

So far as regards the barges, I may mention that my board would not agree to come to any arrangement with the Muin-ut-Tujjar, unless accompanied by a very substantial cash deposit such as is indicated in the earlier part of my letter, because, firstly, they are satisfied that he could not satisfactorily meet our requirements, and secondly, they could not admit that the concession held by him supersedes, or overrides in any way, the one we hold from your Government.

The purchase by your Government of the barges would, however, carry out the principle, which I understand your Government wishes to uphold, of reserving the navigation of the Upper River to the "Persian Government itself and its subjects" in accordance with the firman of the 30th October, 1888, although we contend that in granting our concession of the 28th May, 1901, your Government have in no way departed from this principle, inasmuch as they, in effect, are, by virtue of their shareholding in the First Exploitation Company, Limited, and of the royalty which is payable to them, partners in our concern, and therefore, that in permitting us to ply our boats on the river, they are only exercising their own sovereign rights as laid down in the above firman, which are superior to those of any subject.

I have, &c.

C. GREENWAY,
Managing Director.

[36500]

No. 29.

Sir G. Lowther to Sir Edward Grey.—(Received October 9.)

(No. 219.)

(Telegraphic.) P.

Constantinople, October 9, 1910.

REFERRING to Foreign Office telegram No. 199:

A cavalry detachment is also being dispatched to Kermanshah as a guard for the Ottoman consul.

[36499]

No. 30.

Mr. O'Beirne to Sir Edward Grey.—(Received October 9.)

(No. 275.)

(Telegraphic.) P.

St. Petersburg, October 9, 1910.

PROPOSED loan to Persian Government by Seligman.

Letter of 4th October to Seligman from Foreign Office.

The idea of a loan of the magnitude contemplated, to be controlled solely by a professedly British firm, would, I fear, be greatly disliked by the Russian Government.

M. Sazonow, when he informed me that loans from British sources would not be opposed by his Government (see my despatch No. 406 of 5th October), was certainly thinking of advances of small sums, such as the oil syndicate and others have proposed to make.

The Russian Government would be afraid of the effect which the conclusion of a large loan without Russian participation would have on Russian public opinion.

On the other hand, no Russian capitalists are in the field, and the solution which the Russian Government would accordingly prefer is that a regular Persian loan should be floated on the market under the auspices of Great Britain and Russia (please see my despatch No. 397 of 29th September last).

[36607]

No. 31.

Mr. O'Beirne to Sir Edward Grey.—(Received October 10.)

(No. 394.)

Sir,

St. Petersburg, September 24, 1910.

I HAD the honour to receive yesterday morning your telegram No. 586 of the 22nd instant, stating your views on the suggestions put forward by M. Sazonow as to exercising pressure on the Persian Government. I had the same morning received from the Acting Minister for Foreign Affairs the letter of which a copy is enclosed, stating that the general march of events in Persia appeared to him to bode no good, and that, in his opinion, the two Powers could not avoid resorting to some means of pressure.

I called that afternoon on the Acting Minister for Foreign Affairs and told him that I was now in possession of your views regarding the suggestions which he had made, and that you did not see eye to eye with him in the matter. I then read him your telegram. M. Sazonow seemed considerably disappointed at the attitude taken by His Majesty's Government, and informed me that the Russian Government for their part considered that the time had come to take a strong line with the Persians. The two Powers could not, his Excellency said, continue indefinitely to allow themselves to be flouted by the Persian Government. To do so was quite as dangerous for British as for Russian prestige in Asia. I pointed out that, as is observed in your telegram, there was no reason to suppose that pressure of the kind which he contemplated would result in a more conciliatory attitude on the part of the Persians; and I particularly pressed on his Excellency the consideration that if as the result of adopting the policy which he recommended the two Powers found themselves committed to forcible measures it would be difficult for them to justify their action in the eyes of Europe. For, although the attitude of the Persian Government had been vexatious in petty ways, they had, I said, done nothing which could be held to afford ground for such steps, for instance, as the seizure of custom-houses or the dispatch of troops. M. Sazonow seemed half-inclined to assent to this proposition, but in general he entirely adhered to his point of view, and said that he believed that the use of threats such as he had suggested would bring about a change of policy on the part of the Persian Government.

From the outset of our discussion the Acting Minister for Foreign Affairs had declared that the thing of prime importance was to maintain agreement between the two Governments. He said, therefore, that in deference to your opinion he would abandon the proposal for a joint exercise of pressure on the Persian Government. The Russian Government would, however, consider the question of exercising pressure on their own account—for instance, by preventing the transit through the Caucasus of military stores of any kind for the Persian Government. I said that it would be deplorable if the Russian Government took any action which gave rise to the impression that the two Powers were no longer working together in Persia. To this his Excellency entirely assented, but he considered that, [Russia being alone concerned in

[1761]

F

the Caucasus, she could take the measure which he had referred to without danger of creating any such impression.

As regards the question of the withdrawal of the Russian force from Kazvin, M. Sazonow did not allude to your offer to facilitate an agreement between the Persian and the Russian Governments as to the conditions of withdrawal, and I did not press the suggestion, as his Excellency was plainly not in a mood to entertain it. He said that in present circumstances Russia could not withdraw her troops without seeming to yield to pressure. I remarked that the unfortunate thing was that Russia had sent the troops for the purpose of maintaining order, and had declared that she would withdraw them when order was restored; but she was now imposing different conditions. M. Sazonow admitted that this was "illogical." He also said that he greatly regretted that the recall of the Kazvin force had not taken place in March last, when, he stated, the Russian Government had desired to effect it, but M. Poklewsky had expressed the opinion that it was undesirable. His Excellency made it perfectly clear to me, as he has done on previous occasions, that he is genuinely anxious to see the Kazvin force withdrawn from Persia; but he evidently does not see his way to recede from the conditions of withdrawal, once these have been laid down by the Russian Government, and it is plain also that he cannot bring himself to consider the question of withdrawal while the attitude of the Persian Government remains so uncunctious as to call in his opinion for the exercise of the strongest pressure. He considers that Russia's dignity is here involved.

I have, &c.

HUGH O'BEIRNE.

Enclosure in No. 31.

M. Sazonow to Mr. O'Beirne.

Cher Mr. O'Beirne,

Saint-Petersbourg, le 9 (22) septembre, 1910.

NOUS n'avons aucune objection au texte proposé par Sir E. Grey pour la communication identique à faire au Gouvernement persan au sujet des conseillers financiers. J'ai télégraphié hier à M. Poklewsky le texte en question, le chargeant de s'entendre avec Sir G. Barclay quant à la communication à faire.

Il est possible que cette démarche de nos deux représentants produise sur le Gouvernement persan l'effet voulu; mais je dois vous avouer tout de même que la marche générale des affaires en Perse me paraît ne présager rien de bon, et j'ai fort lieu de croire que nous ne pourrions pas nous passer de quelques mesures de pression sur les Persans pour les rendre plus conciliants. C'est donc avec impatience que j'attends le télégramme y relatif de Sir E. Grey, dont vous me parlez dans votre lettre.

Votre sincèrement dévoué,
SAZONOW.

[36609]

No. 32.

Mr. O'Beirne to Sir Edward Grey.—(Received October 10.)

(No. 397.)

Sir,

St. Petersburg, September 29, 1910.

I HAVE the honour to state that I called on the Acting Minister for Foreign Affairs yesterday afternoon in order to inform him of the instructions which you had sent to Sir G. Barclay in your telegram No. 283 of the 27th instant, and to ask him to instruct the Russian Minister at Tehran in a similar sense. I found that M. Poklewsky had reported to the Russian Government that, while his personal relations with his British colleague were as before most cordial, a divergence of opinion had arisen between them as regards the policy which they should pursue towards the present Persian Cabinet, and he had given a description of their difference of opinion, which tallied in all material points with that contained in Sir G. Barclay's telegram No. 383 of the 26th instant.

When I had informed M. Sazonow of the instructions sent by you to the British Minister, I pointed out to his Excellency that you had gone a long way to meet the views held by M. Poklewsky, for you were willing to exert joint pressure on the Persian

Government in order to bring them to fulfil the conditions attached by Russia to the withdrawal of the Kazvin force, and you were prepared to do so at the risk of bringing about the fall of the present Persian Cabinet.

The Acting Minister for Foreign Affairs warmly expressed his thanks to you for the action which you had taken. He said that the instructions given to Sir G. Barclay were entirely satisfactory to the Russian Government, and that he would instruct M. Poklewsky in a similar sense. His Excellency stated emphatically that if the Persian Government accepted the conditions which had been laid down by Russia he would recall the Kazvin force within twenty-four hours, and he authorised me to inform you of that statement.

In the course of a short conversation which followed, M. Sazonow referred to an opinion which had been expressed by M. Poklewsky in one of his telegrams, to the effect that if the present Persian Government were to "die a natural death" its demise would not be a subject for regret. In this connection his Excellency said that if the pressure applied by the two Powers to obtain satisfaction for their demands resulted in the fall of the Persian Cabinet that would be a matter of indifference to Russia; but he added, with a good deal of emphasis, and I need not say quite spontaneously, that Russia would have no hand in any action of which the direct object was to upset one Ministry and replace it by another.

M. Poklewsky had stated in the same telegram that Sir G. Barclay was of the opinion that the present Persian Government, if it obtained funds, offered as good a prospect as another of a real improvement in the internal situation of Persia. M. Sazonow observed to me on this point that a loan of 100,000L., such as was now contemplated by the Imperial Bank, could not possibly enable the Persian Government to tide over their financial difficulties. No useful purpose, he said, could be served by small advances of this kind. If the two Powers desired to afford Persia real financial assistance, the only way to do so was by a regular Persian loan, which should be brought out under the auspices of the British and Russian Governments.

I have, &c.

HUGH O'BEIRNE.

[36611]

No. 33.

Mr. O'Beirne to Sir Edward Grey.—(Received October 10.)

(No. 399 A.)

Sir,

St. Petersburg, October 1, 1910.

WITH reference to my despatch No. 390 of the 22nd ultimo and to subsequent telegraphic correspondence respecting the proposed loan of 100,000L. by the Imperial Bank to the Persian Government on the security of the Crown jewels, I have the honour to enclose a copy of an *aide-mémoire* of the 16th (29th) September which I received from the Ministry of Foreign Affairs defining the attitude of the Russian Government in this matter.

The *aide-mémoire* states that the proposed transaction seems to be incompatible with the privileges of the Russian Banque d'Escompte et de Prêts, which under article 1 of its concession has "the exclusive right of making loans on pledges." Nevertheless, if His Majesty's Government consider the transaction necessary on important political grounds the Russian Government, while making full reserves as to the Russian Bank's exclusive rights, will not oppose it. At the same time the Russian Government cannot but observe that advances of such insignificant amount as that now in contemplation cannot supply a serious remedy to the financial difficulties of Persia, but are calculated on the other hand to encourage the Persian Cabinet to persevere in a policy equally detrimental to British and to Russian interests.

The *aide-mémoire* further expresses the fear that the proposed loan may have an unfavourable influence on the negotiations actually proceeding between the Persian and the Russian Governments with a view to the consolidation of the debts to the Russian Bank contracted by the Government of the ex-Shah; and states that it would perhaps be preferable that the loan should be deferred until these negotiations have been completed. Nevertheless, if His Majesty's Government consider the conclusion of the loan to be a matter of urgency, the Russian Government will not insist on the above consideration.

The reply of the Russian Government may, I think, be regarded as the result of a sort of compromise between the Acting Minister for Foreign Affairs and the Finance

Minister. M. Sazonow was, I believe, considerably impressed by the argument that if the Persian Government were prepared to pledge jewels worth far more than 100,000*l.* they would certainly be able to borrow that sum, if not from the Imperial Bank, then from another quarter; and he informed me on the 28th ultimo, as I had the honour to report to you by telegraph, that he had written to M. Kokovtsoff recommending that the Russian Government should not raise objections to the proposed loan. The Finance Minister, on the other hand, is anxious for the successful completion of the conversion negotiations. He has, moreover, always been strongly opposed to the policy of small advances to the Persian Government, which he regards as so much money thrown away. He is very much averse to Russia taking part in such advances, and at the same time dislikes, I think, the effect on Russian public opinion of their being made from British sources without Russian participation. The present *aide-mémoire* gives clear expression to the Finance Minister's main objections to the proposed loan, but refrains from insisting upon them if His Majesty's Government attach real importance to the transaction being carried through.

You will observe that the *aide-mémoire* makes no allusion to the article in the Imperial Bank's concession which binds that bank to hold itself at the disposal of the Persian Government for loans against pledges. I had called the attention of the Russian Government to this article by an *aide-mémoire* of the 13th (26th) ultimo, and on the following day the Acting Minister for Foreign Affairs showed me a telegram from M. Poklewsky, expressing the opinion that, in view of the terms of the Imperial Bank's concession, the exclusive claims advanced by the Russian Bank could not be maintained.

I have, &c.
HUGH O'BEIRNE.

Enclosure in No. 33.

Aide-mémoire communicated to Mr. O'Beirne by M. Sazonow.

DANS son aide-mémoire du 4 (17) septembre courant l'Ambassade de la Grande-Bretagne exprime le désir de savoir si le Gouvernement Impérial n'a pas d'objections à ce que la Banque Impériale de Perse prête au Gouvernement persan une somme de 100,000*l.* contre hypothèque des joyaux de la Couronne persane.

En réponse, le Ministère Impérial des Affaires Étrangères croit devoir signaler à l'attention de l'Ambassade britannique qu'une pareille transaction paraît ne pas être compatible avec les droits acquis à la Banque d'Escompte et de Prêts de Perse en vertu du § 1 de sa concession, étant donné qu'aux termes de ce paragraphe la Banque russe jouit du droit exclusif d'opérer des prêts sur gages. Néanmoins, si le Cabinet de Londres est d'avis que cette transaction est nécessitée par des considérations importantes d'ordre politique, le Gouvernement Impérial ne s'y oppose pas, à condition, toutefois, que son assentiment ne constitue pas un précédent préjudiciable aux intérêts de la Banque russe et ne puisse en aucun cas être envisagé comme un renoncement aux droits exclusifs qui sont acquis à cette dernière par ladite concession. En même temps, le Gouvernement Impérial ne peut s'empêcher de faire observer qu'à son avis des avances au Gouvernement persan de sommes insignifiantes comme celle dont il s'agit ne sont pas de nature à porter sérieusement remède aux difficultés financières de la Perse, mais serviraient plutôt d'encouragement au Cabinet de Téhéran à persévérer dans une politique dont les intérêts russes et anglais ont eu également à souffrir.

Le Gouvernement Impérial craint en outre que l'opération dont il s'agit n'ait une influence défavorable sur ses négociations avec la Perse, actuellement en cours, ayant pour but de convertir et d'unifier les dettes contractées par le Gouvernement du Schah à la Banque d'Escompte et de Prêts. A ce point de vue il serait peut-être préférable que l'opération en question ne fût effectuée qu'après que les négociations susmentionnées auront abouti. Si toutefois le Cabinet de Londres trouve que la transaction projetée par le Gouvernement persan est de caractère urgent et doit être conclue sans délai, le Gouvernement Impérial n'insisterait pas sur cette exigence.

Saint-Petersbourg, le 16 (29) septembre, 1910.

[36555]

No. 34.

Sir R. Rodd to Sir Edward Grey.—(Received October 10.)

(No. 154.)
Sir,

Rome, October 4, 1910.

I HAVE the honour to acknowledge the receipt of your despatch No. 110 of the 21st ultimo, on the subject of the engagement of foreign officials by the Persian Government, and to report that I have this day reported its substance verbally to the Minister for Foreign Affairs, who said that he perfectly appreciated the situation, and that so far as the Persian question was concerned, he regarded the United States as in the same position as the smaller European States, to the engagement of whose subjects no exception was taken by His Majesty's or the Russian Governments.

I have, &c.
RENNELL RODD.

[36617]

No. 35.

Mr. O'Beirne to Sir Edward Grey.—(Received October 10.)

(No. 406.)
Sir,

St. Petersburg, October 5, 1910.

HAVING had the honour to receive your telegrams Nos. 604 and 608 of the 30th ultimo and 3rd instant respectively, I called on the Acting Minister for Foreign Affairs to-day and handed to him an *aide-mémoire* on the subject of the proposed loan to the Persian Government by the Imperial Bank of Persia of 100,000*l.* on the security of the Crown jewels. In this *aide-mémoire* I acknowledged the receipt of the Russian Government's *aide-mémoire* of the 16th (29th) ultimo, and expressed the thanks of His Majesty's Government for the friendly attitude adopted by the Russian Government in the matter. I stated further that the Imperial Bank had for the present abandoned the proposed transaction, but that His Majesty's Government hoped that they might count on the Russian Government not offering any opposition to a loan being made to the Persian Government from British sources at a later time, when the conversion of the debts due to the Russian Bank should have been completed.

The Acting Minister for Foreign Affairs informed me that the Russian Government would not oppose a loan from British sources being made under the circumstances which I had indicated.

I have, &c.
HUGH O'BEIRNE.

[36821]

No. 36.

Mr. O'Beirne to Sir Edward Grey.—(Received October 10.)

(No. 276.)
(Telegraphic.)

St. Petersburg, October 10, 1910.

I HEAR Acting Minister for Foreign Affairs has been summoned to attend the meeting of the Russian and German Emperors, which is, as I understand, to take place in Potsdam early next month. It has been intimated from Berlin that the principal subject of discussion is to be the Persian railways question, and I am told that Acting Minister for Foreign Affairs contemplates taking with him an expert on the question.

Acting Minister for Foreign Affairs has not yet mentioned matter to me, but when he does so I will impress on him the necessity of solidarity between the two Governments.

It will be undesirable that he should know that I have received above information.

[35563]

No. 37.

Foreign Office to Admiralty.

(Confidential.)

Sir,

Foreign Office, October 10, 1910.

WITH reference to your letter of the 2nd March last respecting the retention of a naval detachment and Maxim gun at Shiraz, I am directed by the Secretary of State for Foreign Affairs to transmit to you, for the information of the Lords Commissioners of the Admiralty, copy of a telegram on this subject from His Majesty's Minister at Tehran.*

Sir G. Barclay proposes that the naval detachment should be withdrawn to the coast when the relief of the Indian detachment now at Shiraz takes place. He also proposes that the Maxim gun and ammunition at Shiraz should be retained there, and that a Maxim crew to work it should be included in the Indian reliefs to be dispatched.

I am to state that a letter is being addressed to the India Office in regard to the dispatch of Indian reliefs, and I am to express Sir E. Grey's hope that their Lordships will find themselves able to consent to the retention of the Maxim gun and ammunition at Shiraz, as suggested by Sir G. Barclay.

I am, &c.

LOUIS MALLET.

[35563]

No. 38.

Foreign Office to India Office.

(Confidential.)

Sir,

Foreign Office, October 10, 1910.

I AM directed by the Secretary of State for Foreign Affairs to transmit to you, for submission to Viscount Morley, the enclosed copy of a telegram from His Majesty's Minister at Tehran in regard to the guard of His Majesty's consulate at Shiraz.*

I am to state that a copy of your letter of the 16th March last, expressing Lord Morley's hope that it would be possible to withdraw altogether the Indian detachment at Shiraz, was duly communicated to Sir G. Barclay, but it will be seen that he is not yet able to recommend that measure. As the foreign service period of the men composing the detachment has expired, he suggests that they should be relieved at the same time as the consular escort. He also proposes that, if the Admiralty concur, the Maxim gun with its ammunition should be retained at Shiraz, and that the Indian relieving detachment should include Maxim crew from the Indian army.

I am to state that Sir E. Grey considers that Sir G. Barclay's suggestions should, if possible, be carried into execution, and I am to express his hope that Lord Morley may see fit to concur in the dispatch to Shiraz of reliefs to include a Maxim gun crew.

A communication is also being addressed to the Admiralty to ascertain whether they will consent to the retention at Shiraz of the Maxim gun and ammunition after the withdrawal thence of the naval officer and five marines.

I am, &c.

LOUIS MALLET.

[35971]

No. 39.

Foreign Office to Mr. C. Greenway.

Sir,

Foreign Office, October 10, 1910.

I AM directed by the Secretary of State for Foreign Affairs to acknowledge the receipt of your letter of the 3rd instant, stating that the Persian Government are now willing to accept from your syndicate a loan of 100,000l. at 5 per cent. on the security of their interest in the Anglo-Persian Oil Company's concession.

I am to inform you that His Majesty's Government can consent to the conclusion of this loan only when the amalgamation of the debts of the Persian Government to the Russian Bank, the negotiations for which are now pending, have been brought to a conclusion. There would, however, be no objection to your syndicate's pursuing negotiations in the meanwhile with regard to the proposed loan.

I am, &c.

LOUIS MALLET.

* No. 3.

[36908]

No. 40.

Note communicated by M. Cambon, October 11, 1910.

RÉORGANISATION DES FINANCES PERSANES.

M. BIZOT a repris en France son service d'inspecteur des finances et il a manifesté l'intention de ne retourner en Perse que pour un court laps de temps et seulement afin de mettre son successeur au courant. Il a exprimé sur l'éventualité du retour en Perse d'un contrôleur français des finances des opinions que M. P. Cambon croit devoir communiquer confidentiellement à Sir Edward Grey.

M. Bizot estime que le contrôleur doit pouvoir exercer à Téhéran une action efficace et qu'il ne pourrait l'exercer si le personnel qu'il aurait à former était demandé soit aux États-Unis, soit à la Belgique. Les méthodes financières américaines sont trop différentes des méthodes françaises pour qu'un contrôleur français puisse exercer une action utile sur des fonctionnaires américains. Quant aux Belges, ils trouveraient l'Administration des Douanes persanes entre les mains de leurs compatriotes et ils n'auraient que trop de moyens de se soustraire à l'autorité d'un contrôleur financier qui n'appartiendrait pas à leur nationalité. M. Bizot pense, au contraire, que le contrôleur français pourrait utilement remplir son rôle avec un personnel, composé de Suisses de langue française, qui seraient en conséquence placés sous la protection de la Légation de France.

*Ambassade de France, Londres,
le 10 octobre, 1910.*

[36957]

No. 41.

Imperial Bank of Persia to Foreign Office.—(Received October 11.)

Sir,

25, Abchurch Lane, London, October 11, 1910,

I HAVE the honour to forward herewith, for your information, a translation of a telegram received to-day from our chief manager in Tehran.

I have, &c.

G. NEWELL, Manager.

Enclosure in No. 41.

Mr. Wood to Imperial Bank of Persia, London.

(Translation.)

(Telegraphic.)

Tehran, October 11, 1910.

PERSIAN Government has given notice will pay in full Imperial Bank of Persia next March by loan to be issued in London by Seligman Brothers. Persian Government invite our co-operation. I have advised British Minister.

[36969]

No. 42.

Sir G. Barclay to Sir Edward Grey.—(Received October 11.)

(No. 400.)

(Telegraphic.) P.

Tehran, October 11, 1910.

SELIGMAN and conversion of Persian Government's debt to Imperial Bank of Persia.

I am informed by manager of Imperial Bank of Persia, Tehran, that he has received a notification from the Minister of Finance to the effect that negotiations are being carried on with Seligman with a view to the conversion of the Persian Government's debt to the Imperial Bank, and that the repayment of this debt will take place, at latest, on the 20th March, 1911.

Further, the Minister of Finance invites the co-operation of the Imperial Bank in order to advance still further this date for the redemption of the Government's debt.

Hakim-ul-Mulk expresses the hope that the Imperial Bank will assist in the formation of the contract with Seligman.

No mention is made in Minister of Finance's letter of security to be offered to Seligman, but it is clear that the southern customs are intended.

Mr. Moore informs me that His Majesty's Government have no objection to Seligman obtaining the proposed lien on southern customs. Is this statement correct?

[36977]

No. 43.

Sir G. Barclay to Sir Edward Grey.—(Received October 11.)

(No. 401.)

(Telegraphic.) P.

Tehran, October 11, 1910.

REGENT.

M. Poklewski learns that Nasr-ul-Mulk will pass through Russia on his return to Persia. If this is the case, the occasion will be taken to impress upon him, while in Russia, that a ready response will be accorded to a more conciliatory attitude on the part of Persia.

I believe that if anyone can induce the Medjliss to adopt a saner policy towards Russia it is Nasr-ul-Mulk, who is fully aware how essential are good relations with her, and who should be able to influence even the Extremists in his position as Regent.

[36969]

No. 44.

Sir Edward Grey to Sir G. Barclay.

(No. 294.)

(Telegraphic.) P.

Foreign Office, October 11, 1910.

PROPOSED Seligman loan.

Your telegram No. 400 of the 11th October.

On the 4th October I informed Seligman that, provided the conditions laid down in my letter of the 21st May were adhered to, I had no objection on grounds of principle to the issuing of a loan to the Persian Government abroad or in London.

The situation therefore remains the same.

In any case, if the Russian Government object, we must withhold our consent to proposed loan.

[36500]

No. 45.

Sir Edward Grey to Sir G. Lowther.

(No. 305.)

(Telegraphic.) P.

Foreign Office, October 11, 1910.

GUARD for Turkish consulate at Kermanshah.

See your telegram No. 219 of the 9th October.

Can you let us know the object of the step which you report, and how many men are being sent? We have no news of disturbances at Kermanshah.

[36499]

No. 46.

Sir Edward Grey to Mr. O'Beirne.

(No. 617.)

(Telegraphic.) P.

Foreign Office, October 11, 1910.

SELIGMAN'S proposed loan to Persia.

See your telegram No. 275 of the 9th October.

Our letter to Seligman of the 21st May makes it plain that our assent is conditional upon concurrence of Russian Government. You should refer to this letter.

[37085]

No. 48*.

Sir G. Barclay to Sir Edward Grey.—(Received October 12.)

(No. 402.)

(Telegraphic.) P.

Tehran, October 12, 1910.

TURCO-PERSIAN frontier.

Please refer to Sir G. Lowther's telegram No. 219 of the 10th October. I am informed by His Majesty's acting consul at Kermanshah that an alliance has been concluded between the Turkish Jaf tribe and the Governor of Kasr. This development, Russian agent at Kasr states, may shortly lead to an incursion on the part of the Turks.

Disturbances may occur in Kermanshah as a result of the increasing cholera, but the innovation of a Turkish guard does not appear to His Majesty's acting consul and his Russian colleague to be justified by such a possibility.

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H *

[36821]

No. 47.

Sir Edward Grey to Mr. O'Beirne.

(No. 618.)

(Telegraphic.)

Foreign Office, October 11, 1910.

YOUR telegram No. 276.

You should take an opportunity of bringing M. Sazonow on to the subject of the meeting of the two Emperors and to elicit whether any matters of common interest to Russia and England are likely to be discussed.

You could then impress on M. Sazonow that of course the Russian Government will keep His Majesty's Government fully informed, and will not conclude any arrangements as to Persian or Bagdad Railway without consultation with us and France.

(Repeated to Berlin, No. 108.)

[36465]

No. 48.

Foreign Office to Anglo-Persian Oil Company.

Sir,

Foreign Office, October 11, 1910.

I AM directed by the Secretary of State for Foreign Affairs to acknowledge the receipt of your letter of the 7th instant, enclosing the draft of a letter which you propose to address to the Persian Minister in London on the subject of your company's barges on the Karun River and of the telephone erected along your pipe line. You enquire whether Sir E. Grey would have any objection to the terms of this draft letter.

In reply, I am to state that your letter crossed one from this Department of the same date in which certain proposals of a different nature were put forward, and I am directed to inform you that Sir E. Grey will defer pronouncing upon your letter until you have had time to consider and reply to my letter of the 7th instant referred to above.

I am, &c.

LOUIS MALLET.

[37090]

No. 49.

Sir G. Barclay to Sir Edward Grey.—(Received October 12.)

(No. 403.)

(Telegraphic.) P.

Tehran, October 12, 1910.

SELIGMAN BROTHERS' proposed loan to Persian Government.

Please refer to your telegram No. 294 of the 11th October.

I am informed by Mr. Moore that Persian Government approached Seligman Brothers on the 10th October with a view to bringing about the conversion of the Government debt to the Imperial Bank of Persia to a sterling loan of 1,200,000l. at 5 per cent. Mr. Moore states that the proposed loan would be secured by a first lien on southern customs, annual charge to be identical with that now held by Imperial Bank of Persia.

This transaction is considered by Mr. Moore to be "no encroachment on the revenues on which His Majesty's Government already hold a lien" (please refer to Foreign Office letter to Seligman of the 21st May), as it is merely a conversion by which no additional charge on southern customs is involved.

[1761]

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[37079]

No. 50.

Sir G. Lowther to Sir Edward Grey.—(Received October 12.)

(No. 221.)

(Telegraphic.) P.

Constantinople, October 12, 1910.

DISTURBANCE at Kermanshah.

With reference to your telegram No. 305 of yesterday.

In consequence of alleged disturbances in the neighbourhood of Kermanshah, Turkish Government are sending fifteen soldiers there as consular escort.

[37096]

No. 51.

Mr. O'Beirne to Sir Edward Grey.—(Received October 12.)

(No. 277.)

(Telegraphic.) P.

St. Petersburg, October 12, 1910.

PLEASE refer to your telegram of yesterday, No. 618: meeting of the Czar and the German Emperor at Potsdam.

The following is confidential:—

To-day in conversation with M. Sazonow I touched on this subject, and his Excellency informed me confidentially that the meeting would take place in November. The Emperor had not yet commanded him to attend, but he would probably do so. As his Excellency showed evident disinclination to say anything further on the subject, it seemed to me unadvisable to press him, but there will be many opportunities of recurring to the question.

[37101]

No. 52.

Mr. O'Beirne to Sir Edward Grey.—(Received October 12.)

(No. 278.)

(Telegraphic.) P.

St. Petersburg, October 12, 1910.

TURCO-PERSIAN frontier.

In conversation to-day M. Sazonow mentioned that in the country of the Maku khans an "infiltration" of Turks was going on, and recently Turkish scouting parties had begun to reappear. Such a state of things could not possibly be allowed by Russia to continue, for strategic reasons; and the Russian representative at Constantinople had accordingly been instructed to convey to the Porte an impressive warning.

[36977]

No. 53.

Sir Edward Grey to Sir G. Barclay.

(No. 296.)

(Telegraphic.) P.

Foreign Office, October 12, 1910.

PERSIA had sunk so low under the old régime that if she shows ill-will to Russia it will be impossible for her to recover. I have urged this strongly on Nasr-ul-Mulk. Russia cannot afford to see her interests in Northern Persia upset or endangered, and I therefore emphasised the importance of Persia not opposing these interests and of convincing Russia of the friendly intentions of the Persian Government. I assured him that Persia could safely adopt a policy of conciliation towards Russia, as Russia has no incentive to pursue a forward policy in Persia, since all suspicions of us have been removed by the Anglo-Russian Agreement.

Nasr-ul-Mulk said that he quite agreed, but that the whole question had been rendered much more difficult by the attempt to force conditions upon Persia with regard to the loan and later in connection with the withdrawal of troops from Kazvin. I admitted that his arguments, especially with reference to the loan, were not without force, but the Russian demands were so insignificant that to refuse it would be absurd, and Russia could not withdraw the troops without receiving some proof of Persia's friendly dispositions. Nasr-ul-Mulk said nothing definite with regard to his decision or future movements.

The above has been sent to Mr. O'Beirne. Should you consider it advisable, you can inform M. Poklewski.

[37212]

No. 54.

Sir Edward Grey to Sir G. Barclay.

(No. 297.)

(Telegraphic.) R.

Foreign Office, October 12, 1910.

CONDITIONAL upon telephone line and barges on Upper Karun being allowed, oil company desire that arrangement agreed to by Persian Government for loan of 100,000l. at 5 per cent. should be concluded on security of interest in concession possessed by Persian Government.

Preece has been informed that we agree to terms, but that he must do nothing except in accord with you, seeing that Russian debt conversion must be arranged first as precedent condition.

I should like you to report progress of negotiations for conversion.

[36344]

No. 55.

Sir Edward Grey to Sir G. Barclay.

(No. 298.)

(Telegraphic.) P.

Foreign Office, October 12, 1910.

STATE of southern roads in Persia.

What is present state of affairs with regard to question of representations?

See my telegram No. 289 of the 1st October.

[36297]

No. 56.

Foreign Office to India Office.

Sir,

Foreign Office, October 12, 1910.

I AM directed by the Secretary of State for Foreign Affairs to acknowledge the receipt of your letter of the 6th instant relative to the Persian newspaper, "Habl-ul-Matin," printed in India.

In reply I am to state that Sir E. Grey feels that he must leave the question of taking action against the editor entirely to Lord Morley's decision. He observes, however, from the last paragraph of the Viceroy's telegram of the 28th ultimo, that the attacks on the British may not improbably continue.

I am, &c.

LOUIS MALLET.

[32081]

No. 57.

Foreign Office to India Office.

Sir,

Foreign Office, October 12, 1910.

I AM directed by the Secretary of State for Foreign Affairs to acknowledge the receipt of your letter of the 2nd ultimo on the subject of the military attaché or intelligence officer at Meshed, suggesting that the post should now be made permanent, and that the cost of the officer's salary and of the contingent expenses should be borne equally by the Indian and Imperial exchequers.

I am to state that in Sir E. Grey's opinion the post of intelligence officer at Meshed is maintained principally for Indian, and indirectly only for Imperial interests. This principle is admitted in the third paragraph of the War Office letter of the 16th September, 1908, copy of which has been forwarded to you in the Persian confidential print. Sir E. Grey considers it indisputable that the Indian military authorities derive most advantage from the information supplied, and he is therefore strongly of opinion that the share at present borne by the Imperial Government, viz., one-half the pay of the officer, is a fair payment for the benefits received by them, and that if their contribution were to be extended to the contingent and other expenses, they would be paying more than they could legitimately be required to do.

I am to request that you will submit these considerations to Viscount Morley, adding that Sir E. Grey finds himself unable to apply to the Treasury for sanction to make any contribution over and above that already authorised; but that he is prepared to support an application that the post should be maintained for a further period.

I am, &c.

LOUIS MALLET.

[37218]

No. 58.

India Office to Foreign Office.—(Received October 13.)

Sir,

India Office, October 13, 1910.

WITH reference to correspondence ending with the letter of this Office dated the 28th September, 1909, I am directed by the Secretary of State for India to enclose copy of a telegram from the Government of India reporting that the dispatch has been authorised of an escort of fifty regular troops for the telegraph officers while touring in the neighbourhood of the Persian Gulf.

For the reasons given in the telegram, no alternative course seems possible, and, subject to the concurrence of Secretary Sir E. Grey, Viscount Morley proposes to confirm the action taken.

He would suggest that it should be left to the discretion of His Majesty's Minister whether to bring the matter to the notice of the Persian Government.

I am, &c.

R. RITCHIE.

Enclosure in No. 58.

Government of India to Viscount Morley.

(Telegraphic.) P.

September 28, 1910.

PLEASE see your telegram dated the 22nd September, 1909.

It is proposed by the Director of Persian Gulf Telegraphs that telegraph officers while on tour this year should again have an escort. This it is impossible to supply from the Mekran levies, while any reduction of the garrisons at Chahbar and Jask is opposed by the naval commander-in-chief. The dispatch of an escort for the telegraph officers of fifty regulars under an Indian officer has been authorised. The possibility of retaliatory measures on the part of the gun-runners has made a larger force necessary this year.

(Repeated to resident, Persian Gulf.)

[37156]

No. 59.

Sir G. Barclay to Sir Edward Grey.—(Received October 13.)

(No. 404.)

(Telegraphic.) P.

Tehran, October 13, 1910.

SELIGMAN BROTHERS' proposed loan to Persian Government.

Please refer to Mr. O'Beirne's telegram No. 275 of the 9th October.

To avoid the possibility of any misapprehension, I take this opportunity of stating that Mr. Moore has informed me that a balance of 350,000*l.* only will be left in the hands of the Persian Government by terms of Seligman conversion scheme.

[35033]

No. 60.

Foreign Office to India Office.

Sir,

Foreign Office, October 13, 1910.

I AM directed by Secretary Sir Edward Grey to acknowledge the receipt of your letter of the 26th ultimo relative to the assurances and decoration to be given to the Sheikh of Mohammerah, and to transmit to you herewith copy of a telegram which he has addressed to His Majesty's Minister at Tehran on the subject.*

* See Part XXIII, No. 468.

I am to state that Sir E. Grey concurs with Viscount Morley in considering that the undertaking usually obtained from recipients of the K.C.I.E. that the insignia should be returned after the death of the holder should be dispensed with in the case of the sheikh, and that he agrees that the cost should be included in the annual adjustment between the two Governments of diplomatic and consular expenditure in Persia.

I am, &c.

LOUIS MALLET.

[36957]

No. 61.

Foreign Office to Imperial Bank of Persia.

Sir,

Foreign Office, October 13, 1910.

I AM directed by the Secretary of State for Foreign Affairs to acknowledge with thanks the receipt of your letter of the 11th instant enclosing a telegram from your chief manager in Tehran in regard to the intention of the Persian Government to pay off their indebtedness to the Imperial Bank of Persia next March.

I am to inform you that a telegram on this subject has been received from His Majesty's Minister at Tehran, who states that the Persian Government, through the Minister of Finance, have notified your manager that they are in negotiation with Messrs. Seligman for the conversion of the debts owed by them to the Imperial Bank. The Minister has announced the intention of paying off the debt at the latest on the 20th March next, and has invited your co-operation to bring this about at an even earlier date. He has expressed the hope that the Imperial Bank will make themselves a party to the contract to be concluded with Messrs. Seligman Brothers.

Sir G. Barclay adds that it is clear that the southern customs are the security for the proposed loan from Messrs. Seligman, though this is not stated in the Minister of Finance's letter. He enquired whether it was true, as stated by Mr. Moore, the representative of Messrs. Seligman at Tehran, that His Majesty's Government would have no objection to the proposed lien on this security.

Sir G. Barclay has been informed in reply that His Majesty's Government cannot assent to the proposed loan if its conclusion is disagreeable to the Russian Government. Messrs. Seligman were informed on the 4th October that the issue of a loan in London and abroad would not be objected to by His Majesty's Government provided that this condition were fulfilled, and that the securities pledged should not encroach on revenues on which a lien is held by His Majesty's or the Russian Governments on account of loans made by them or by the Imperial Bank of Persia or the Russian Bank.

Sir E. Grey would be glad to know the views of the Bank on the proposal to pay them off.

I am, &c.

LOUIS MALLET.

[37269]

No. 62.

India Office to Foreign Office.—(Received October 14.)

Sir,

India Office, October 13, 1910.

I AM directed by the Secretary of State for India to acknowledge the receipt of your letter, dated the 5th instant, regarding a proposal to withhold payment in respect of the Indo-European Telegraph Department's annual account with the Persian Minister of Telegraphs till the Arabistan convention has been passed by the Persian Medjliss.

In reply, I am to transmit, for the information of the Secretary of State for Foreign Affairs, copy of a note by the Director-in-chief of the Indo-European Telegraph Department on the subject, and to say that, after careful consideration of the matter, Viscount Morley is averse to the step proposed, in view of the special nature of the telegraph traffic account.

He trusts that His Majesty's Minister may be instructed in this sense.

I am, &c.

R. RITCHIE.

[1761]

I

Enclosure in No. 62.

Note by Director-in-Chief, Indo-European Telegraph Department, dated October 6, 1910.

THE agreement with the Persian Government is that their telegraph administration should be paid two-thirds of the terminal rate on all international messages originating or terminating in Persia dealt with by the offices of the Indo-European Telegraph Department. The settlement of this account is an annual one. This annual terminal rate and traffic account is prepared in this Office, and forwarded to the Director of Telegraphs at Tehran to settle with the Persian Telegraph Administration. The account which Sir George Barclay reports the Persian Minister is pressing for a settlement of is one for the year ending the 31st March last. By it a payment is due to the Persian Telegraph Administration of 105,857 fr. (4,234l.), which would in ordinary course have been settled towards the end of July last.

If the telegraph revenue of Persia was now farmed out to the Telegraph Minister, as until lately was the case, the delay in payment of this account would have been felt by him personally. Now, however, the amount, when paid, will go into the Government Treasury, and delay in its payment will not bring any direct pressure on the Persian Minister to meet our wishes.

Perhaps counter-claims in money might be deducted, and the balance only paid; but it does not appear altogether justifiable to delay payment of a telegraph traffic account for reasons that have nothing whatever to do with claims or accounts between the two telegraph administrations. For instance, this department has a claim of 64,675 rupees (4,311l.) against the Persian Government for the construction of the Henjam-Bunder Abbas line and for charges connected with its maintenance up to the 31st March last. This claim could be used as giving a reason for not paying the Persian Government the amount due on their traffic account, and why this counter-claim has been put forward at this time could be explained.

H. A. KIRK.

[37291]

No. 63.

India Office to Foreign Office.—(Received October 14.)

Sir,

India Office, October 13, 1910.

I AM directed by the Secretary of State for India in Council to enclose, for the information of the Secretary of State for Foreign Affairs, copy of a letter* and telegram from the Government of India regarding defence works proposed for the protection of the consular buildings at Bunder Abbas, at an estimated cost of about 5,650 rupees (376l. 13s. 4d.).

In view of the urgency of the matter, as explained in the later communication, the telegram, of which copy is enclosed, has been addressed to the Government of India, as arranged at an informal discussion with your department, giving sanction to their proposals, and the expenditure will be included in due course in the annual statement of diplomatic and consular expenditure in Persia.

I am, &c.

R. RITCHIE.

Enclosure 1 in No. 63.

Government of India to Viscount Morley.

(Telegraphic.) P.

October 8, 1910.

CONSULATE at Bunder Abbas.

Please see our letter dated the 15th ultimo.

In the opinion of military authorities defence works should not be delayed, as Afghans are reported to be on their way to Bunder Abbas. Telegraphic orders are solicited.

* Foreign Department, September 15, 1910 (not printed).

Enclosure 2 in No. 63.

Viscount Morley to Government of India.

(Telegraphic.) P.

India Office, October 11, 1910.

DEFENCES of consulates at Bunder Abbas.

See your telegram dated the 8th October.

I approve proposals contained in your letter in the Foreign Department.

[37325]

No. 64.

Sir G. Barclay to Sir Edward Grey.—(Received October 14.)

(No. 405.)

Tehran, October 14, 1910.

(Telegraphic.) P.

CONVERSION of Persian Government's debts to Russian bank.

In reply to your telegram No. 297 of the 12th October I have the honour to report that the negotiations for the conversion are proceeding satisfactorily, though there are two or three minor points still awaiting settlement, in connection with which M. Poklewski, who is exerting himself to expedite matters, is awaiting instructions from St. Petersburg.

In addition to these points of subsidiary interest the Russian Government may unfortunately raise a question of greater importance, which would much delay the negotiations. A demand may be made for additional security to supplement the northern customs. I believe, however, that I shall find my Russian colleague disposed to give way on this question if it is raised. Unless receipts of northern customs diminish there will be no need for supplementary security.

[37339]

No. 65.

Sir G. Barclay to Sir Edward Grey.—(Received October 14.)

(No. 406.)

Tehran, October 14, 1910.

(Telegraphic.) P.

SOUTHERN roads.

In reply to your telegram No. 298 of the 12th October I have the honour to report that I am to-day addressing a note to the Persian Government, warning them that His Majesty's Government will insist on the organisation of a local force under British officers lent by the Government of India to police the Bushire-Isfahan road if order is not restored on that road within a period of three months.

Up till now I had deferred representations in the belief that M. Poklewski would be instructed to make use of one of the threats put forward by Russian Government and in the desire to act on parallel lines with him, but M. Poklewski has received no instructions respecting the threats, and I do not wish to postpone action any longer.

M. Poklewski will energetically support my representations, but we are not presenting a joint note, which would seem out of place in a matter which exclusively concerns southern Persia.

In my note to Persian Government I have only mentioned Bushire-Isfahan road, as it is clear that the force proposed would not suffice for the policing of other roads. Scheme could always be extended later if successful.

[37345]

No. 66.

Mr. O'Beirne to Sir Edward Grey.—(Received October 14.)

(No. 280.)

St. Petersburg, October 14, 1910.

(Telegraphic.) P.

LOAN to the Persian Government by Seligman's.

M. Poklewski having telegraphed calling the attention of M. Sazonow to the proposed transaction, his Excellency asked me to-day for some explanations in regard to its nature. A telegram was also shown to me by his Excellency from Reuter's correspondent at Tehran, which seemed to indicate that a loan from British sources was shortly to be concluded.

In explaining to M. Sazonow the nature of the scheme I made use of telegram No. 404 of the 13th instant from Tehran, stating further that His Majesty's Government had informed Seligman's their consent would not be given to the scheme if any objection were raised by the Russian Government. I also told his Excellency that as regards the negotiations for the conversion of the Persian Government's debts to the Russian Bank, it was well understood that they were to be concluded first. M. Sazonow did not seem to consider that the Russian Government need object to the transaction.

[37218]

No. 67.

Sir Edward Grey to Sir G. Barclay.

(No. 299.)

(Telegraphic.) P.

Foreign Office, October 14, 1910.

ESCORT for telegraph officers on tour.

Please refer to my telegram No. 467 of last year.

The Government of India has authorised dispatch of fifty regulars under an Indian officer, as it will be impossible this year to supply escort from Mekran levies or from Jask or Charbar garrisons.

The possibility of retaliatory measures on the part of the gun-runners renders necessary this larger number.

Inform Persian Government or not, as you think fit.

[37336]

No. 68.

Imperial Bank of Persia, London, to Imperial Bank of Persia, Tehran.—(Communicated by Sir T. Jackson, October 14.)

(Translation.)

(Telegraphic.)

October 7, 1910.

HAVE seen Seligman Brothers; it would not be in the bank's interests to assist them to float a loan.

[37218]

No. 69.

Foreign Office to India Office.

Sir,

Foreign Office, October 14, 1910.

I AM directed by the Secretary of State for Foreign Affairs to acknowledge the receipt of your letter of the 13th instant, respecting the provision of an escort for telegraph officers on tour in Persia.

I am to request you to inform Viscount Morley that Sir E. Grey concurs in the advisability of confirming the action of the Government of India, and I am to transmit to you copy of a telegram to His Majesty's Minister at Tehran apprising him of what is being done,* and authorising him to use his discretion as to bringing the matter to the notice of the Persian Government.

I am, &c.

LOUIS MALLET.

[37457]

No. 70.

Persian Transport Company to Foreign Office.—Received October 15.)

*3, Salter's Hall Court, Cannon Street,
London, October 14, 1910.*

Sir,

I HAVE the honour to acknowledge the receipt of your letters of the 5th and 6th instant regarding the concession of this company for construction of roads in Persia. I am instructed to express the thanks of my board for the action taken by

* No. 67.

His Majesty's Minister in Tehran in this matter, and to state that, if you consider it desirable to approach the Russian Government in connection with it, we have no objection. As regards any further steps which may have to be taken with the Persian Government, we would beg to refer you to the detailed proposals contained in our letter of the 12th ultimo.

I have, &c.

H. W. MACLEAN, *Secretary.*

[37462]

No. 71.

Messrs. Seligman Brothers to Foreign Office.—(Received October 15.)

Dear Sir,

18, Austin Friars, London, October 14, 1910.

IN continuation of our previous correspondence, we have the honour to inform you that we have learnt that an application is *en route* to us from the Persian Government asking us to assist them with a view to repaying the loan made by the Imperial Bank of Persia.

We understand that this loan is a first charge upon the southern customs, and, should we decide upon acceding to the request of the Persian Government, we shall be careful that no increased charge is made upon the customs, so as not to weaken the security for His Majesty's Government's loan to the Persians.

We assume this will be in accordance with the views expressed in your letter of the 21st May.

Kindly favour us with a reply and oblige, &c.

SELIGMAN BROTHERS.

[37269]

No. 72.

Sir Edward Grey to Sir G. Barclay.

(No. 301.)

(Telegraphic.) R.

Foreign Office, October 15, 1910.

YOUR telegram No. 386 of 26th September: Arabistan Telegraph Convention and settlement of telegraph accounts.

I cannot sanction proposal. Reasons will be explained by despatch.

[37345]

No. 73.

Sir Edward Grey to Mr. O'Beirne.

(No. 624.)

(Telegraphic.) P.

Foreign Office, October 15, 1910.

THE following has been repeated to Tehran, No. 300:—

"Last sentence of your telegram No. 280 of the 14th October. Am I to take it that there is no objection to Seligman's proposed loan on the part of the Russian Government?"

"Imperial Bank of Persia will have nothing to do with the affair. Any operation transferring to other hands our present hold of the southern customs would not receive our assent without serious hesitation."

[37133]

No. 74.

Sir Edward Grey to Sir G. Barclay.

(No. 174.)

Sir,

Foreign Office, October 15, 1910.

ABOUL KASSEM, Nasr-ul-Mulk, Regent-elect of Persia, paid Sir A. Nicolson a visit on the 8th instant at his private residence. He was still hesitating as to accepting the post. He had been endeavouring to ascertain, without success, from the Persian Government whether the vote in the Medjliss was conducted on purely party lines. There were forty votes in his favour and twenty-nine for the rival candidate; and Aboul Kassem was anxious to know whether the extremists voted *en bloc* in the

[1761]

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minority. If they had done so he would greatly hesitate to accept the post, as the extremists would leave no stone unturned to render his position untenable.

Sir A. Nicolson took the opportunity of impressing on the Nasr-ul-Mulk the folly of the Persian Government in adopting an antagonistic attitude to Russia, and recommended that they should grant the two small concessions required by Russia, and thereby lead to the withdrawal of the Russian troops from Kazvin. Sir A. Nicolson told him that both the Russian and His Majesty's Government were desirous of assisting Persia to consolidate the new régime and to put affairs into order; but our task was rendered very difficult so long as the relations between Persia and our partner Russia were on an unsatisfactory footing. Persia would have to continue to be a neighbour of Russia, and surely it was obvious that she should keep on good terms, and not adopt an irritating policy. Aboul Kassem quite agreed. He said that matters were in a deadlock owing to want of funds. Sir A. Nicolson explained to him how matters stood in regard to the question of loans, and said it would be desirable for the Persian Government to hasten to terminate the conversion of the debts to the Russian Bank.

I am, &c.
E. GREY.

[35642]

No. 75.

Sir Edward Grey to Sir G. Lowther.

(No. 311.)

Sir,

Foreign Office, October 15, 1910.

I HAVE received your Excellency's despatch No. 691 of the 26th ultimo respecting the recent dispute between the Sheikh of Mohammerah and the late Vali of Bussorah.

With reference to the concluding paragraph of your Excellency's despatch, I would point out that the Sheikh of Mohammerah denies the accuracy of the Turkish complaints in regard to his conduct respecting Mohammed Chinan (see enclosure No. 4 in Lieutenant-Colonel Cox's despatch of the 16th June, 1910, of which a copy was enclosed in my despatch No. 279 of the 17th September to your Excellency).

I consider that the sheikh has fully proved his case with regard to this point.

I am, &c.
E. GREY.

[37516]

No. 76.

Sir G. Barclay to Sir Edward Grey.—(Received October 16.)

(No. 407.)

(Telegraphic.) R.

Tehran, October 16, 1910.

ACTING consul at Tabreez reports that the situation at Urumia is critical. Kurds, believed to be instigated by Turks, are burning villages and murdering and robbing the inhabitants.

My Russian colleague has similar information. He hears also that the Governor of Urumia is [? fighting] Kurds, and that he has asked the Russian consul for ammunition, as his own is almost all exhausted.

[37513]

No. 77.

Mr. O'Beirne to Sir Edward Grey.—(Received October 16.)

(No. 281.)

(Telegraphic.) P.

St. Petersburg, October 16, 1910.

SELIGMAN proposal for loan to Persia. Please refer to your telegram No. 624 of yesterday.

I was not given by M. Sazonow a definite intimation of the view of the Russian Government on this matter; no doubt his Excellency would consult the Ministry of Finance in the first instance. However, he has stated to me, as I had the honour to report in my despatch No. 406 of the 5th instant, that a loan to Persia from British sources at a future date would not be opposed by the Russian Government; and therefore the transaction now contemplated is not one to which they could very well

object, if the Persian Government are to obtain by it only a moderate cash balance, as stated by Mr. Moore. If the Persian Government were going to get a large sum, the case would be different (please refer to my telegram No. 275 of the 9th instant).

So far as I can see there is only one ground on which objections could be raised by the Russian Government to this scheme as described by Mr. Moore, namely, that in the event of an advance being eventually made jointly by Russia and Great Britain, the customs receipts of South Persia could no longer be utilised as security (this point is referred to in my despatches Nos. 350 of the 21st August and 356 of the 24th August last). Such an objection would not, however, appear to be of much force.

[37784]

No. 78.

Sir G. Barclay to Sir Edward Grey.—(Received October 17.)

(No. 408.)

(Telegraphic.) P.

Tehran, October 17, 1910.

OIL company's proposed loan to Persian Government.

In reply to your telegram No. 297 of the 12th October, I have the honour to report that the terms have met with the approval of all the members of the Cabinet with the exception of the Minister for Foreign Affairs, who has the matter now under consideration.

At the present time I believe that the support of the legation would tend rather to prejudice than to further the negotiations, but I should be glad to know whether I may support Mr. Preece should I see a favourable opening. (Please refer to your telegram No. 246 of the 22nd August.)

[37791]

No. 79.

Sir G. Barclay to Sir Edward Grey.—(Received October 17.)

(No. 409.)

(Telegraphic.) Decode.

Tehran, October 17, 1910.

FOR some days there has been some fighting at Kashan. Naib Hussein, leader of one of the petty revolts now in progress, has occupied town, and considerable force [of] Bakhtiari from Ispahan is attacking him, numerous casualties being reported among Bakhtiaris.

[37799]

No. 80.

Mr. O'Beirne to Sir Edward Grey.—(Received October 17.)

(No. 282.)

(Telegraphic.) P.

St. Petersburg, October 17, 1910.

MEETING of the Czar and the German Emperor at Potsdam: please refer to my telegram No. 277 of the 12th instant.

In conversation with M. Sazonow to-day I said that I supposed the Bagdad Railway would form one of the subjects of conversation at the forthcoming meeting, to which he replied in the affirmative, and said that in particular there would be a discussion as to the junction of future railways in Persia with the proposed branch line connecting Khanikin and Bagdad. I thereupon laid stress on the hope, which I said that His Majesty's Government of course entertained, that they would be furnished with full information as to any negotiations affecting Persia and the Bagdad Railway, and that he would consult them (and the French Government also so far as the Bagdad Railway was concerned) before coming to a definite arrangement with Germany.

As regards the neutral zone in Persia, M. Sazonow said that he would inform the German Government, if the question was raised by them, that he was not at liberty to discuss it. He said that in his view it was necessary that Russia and England should concert together in regard to this matter. It was not to his mind clear to what extent Germany could be kept out of the neutral zone.

As for the question of the Russian sphere in Persia, M. Sazonow said he must tell me that when negotiations last took place on this subject between Germany and Russia, the latter had agreed to raise no objection to the Bagdad-Khanikin branch

being linked up with a railway which Russia was eventually to build from Tehran to the Russo-Persian frontier. Russia, having granted this, would demand from Germany in return that no concessions would be sought for by her in the Russian zone which were territorial in character, railway concessions included. If the above condition was accepted by Germany he felt that the bargain would have to be concluded. For Russia it was all-important that Germany should not be allowed to obtain a concession for a line which was to terminate at Tehran. Finally, I received from M. Sazonow an assurance that all the negotiations would be fully described to me on his return here after the meeting.

[37835]

No. 81.

Mr. O'Beirne to Sir Edward Grey.—(Received October 18.)

(No. 417.)

Sir,

St. Petersburg, October 15, 1910.

I HAVE the honour to report that the news of the forthcoming meeting of the two Emperors at Potsdam was published yesterday by the semi-official "Russia," which reproduced a statement on the subject made in the Berlin "Post." The "Post" stated that the interview would take place, not upon the return of the Emperor of Russia to his own country, as had been frequently stated, but in the form of a special visit, after which His Imperial Majesty would return to the Palace at Friedberg. In consequence of this decision the significance of the interview of the two Monarchs obtained a considerably greater importance.

The "Russia," commenting on the above statement, remarks: "The information respecting the forthcoming interview will undoubtedly be met throughout Russia with a feeling of the liveliest satisfaction. This interview will serve as an evident expression of those friendly ties which for so long have bound Russia with Germany."

I have, &c.

HUGH O'BEIRNE.

[38002]

No. 82.

India Office to Foreign Office.—(Received October 19.)

Sir,

India Office, October 18, 1910.

I AM directed by the Secretary of State for India to acknowledge the receipt of your letter of the 12th instant on the subject of the military attaché at Meshed, and to say that he learns with satisfaction that the Secretary of State for Foreign Affairs is prepared to support an application for the further maintenance of the appointment.

As regards the incidence of cost, while recognising the force of the reference that Sir E. Grey makes to the opinion expressed by the Army Council in 1908, Viscount Morley desires to call especial attention to the statement made in paragraph 3 of the Government of India's letter of the 7th July, 1910 (which was one of the enclosures in Mr. Campbell's letter of the 2nd September), that "the chief of the Imperial General Staff has recently addressed the commander-in-chief with a view to the general staff in India assuming entire responsibility for intelligence work in Russian Turkestan, a proposition which his Excellency could only accept on the supposition that the services of a military attaché at Meshed will be permanently retained." In Lord Morley's opinion, this fact greatly strengthens the Indian claim that half the total expenditure on the appointment should be borne by Imperial funds, since a direct responsibility is now laid upon the Government of India—a responsibility, moreover, which even the permanent appointment of a military attaché will not enable them to discharge unless the organisation, without which the officer is useless, be sanctioned as well.

I am to suggest that the views of the Army Council should be invited on this aspect of the question, and to express the hope that after consultation with them Sir E. Grey will find himself able to accept the proposal made in Mr. Campbell's letter above quoted.

As the period for which the appointment was temporarily sanctioned expires on the 20th instant, I am to ask for the favour of an early reply.

I am, &c.

R. RITCHIE.

[37999]

No. 83.

India Office to Foreign Office.—(Received October 19.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Viscount Morley, forwards herewith, for the information of the Secretary of State, copy of a telegram, dated the 18th October, 1910, from the Viceroy, regarding intelligence officer, Meshed.

India Office, October 18, 1910.

Enclosure in No. 83.

Government of India to Viscount Morley.

(Telegraphic.) P.

October 18, 1910.

INTELLIGENCE officer at Meshed. Please refer to letter dated the 2nd ultimo from India Office to Foreign Office. Pending settlement of question, we request sanction provisionally to continuance of appointment.

[38025]

No. 84.

Anglo-Persian Oil Company to Foreign Office.—(Received October 19.)

Winchester House, Old Broad Street, London,

October 18, 1910.

Sir,

I BEG to acknowledge receipt of your favours of the 7th and of the 10th instant. With reference to these I had an interview with Mr. Maxwell on Wednesday last, at which I explained to him—

1. That in pursuance of the suggestion contained in your letter of the 29th August last, addressed to Mr. Wallace, Mr. Preece had been authorised to carry on negotiations for a loan of 100,000l. on the security of Persian Government's interest in the Anglo-Persian Oil Company (Limited), and that these negotiations were on the point of arriving at a conclusion; and

2. That as the Persian Government's acquiescence in the erection of our pipe-line telephone, and also in the plying of our barges on the Upper Karun, had been made conditions of this loan, the suggestion contained in your letter of the 7th instant did not at the moment require consideration.

At this interview Mr. Maxwell pointed out, with reference to your letter of the 10th instant, that the consent of His Majesty's Government to this smaller loan could also only be given on conclusion of the negotiations which are now pending for the conversion of the debt due to the Russian Bank.

This point had not, I may explain, been clear to Mr. Wallace from the tenor of your letter of the 29th August, which led him to infer that His Majesty's Government were desirous, in view of the impracticability of carrying through the larger loan because of the objections that existed to the hypothecation of the surplus revenues which were proposed as security, that he should forthwith proceed to endeavour to arrange the loan of 100,000l. on the security of the Persian Government's interest in the Anglo-Persian Oil Company (Limited). And, acting on this understanding, he and myself have since been devoting a good deal of time and attention to (1) arranging on this side for the provision of the 100,000l., and (2) settling with the Persian Government, through Mr. Preece, the terms of the loan.

These negotiations led to my wiring to Mr. Preece on the 10th instant the following message:—

"Referring to your telegram of the 1st (advising that the Persian Government were now willing to accept a loan at par of 100,000l. at 5 per cent. per annum on security of the oil interests), we agree lend 100,000l. at par 5 per cent. on security of Persian Government's shares and share of profits in Anglo-Persian Oil Company (Limited), on condition that Persian Government consent company using own barges

[1761]

L

on Upper Karun River, and erecting and using own pipe-line telephone, and also accept compromise tomans arrears proposed by Mr. C. W. Wallace to Imperial Oil Commissioner, viz., halving amount in dispute (i.e., about 3,600L.)"

To which I received the following reply on the 12th instant:—

"Referring to your telegram of the 10th, conditions (1) and (2) have been accepted by Persian Government. The 2,000 tomans question the Persian Government offer to compromise for 2,000L., to which I have agreed. The loan is agreed to with the proviso that the Persian Government shall have right to repay at any time should they wish to increase amount of loan or sell their oil interests, but the company to have first refusal (of the larger loan or sale) for sixty days. I declined this, but Persian Government insist upon it. Inform me of your views as quickly as possible."

This was the position when I saw Mr. Maxwell last week. At this interview Mr. Maxwell explained the necessity for obtaining the approval of the Russian Government, but I read to him a telegram dispatched by Mr. Preece on the 26th ultimo in which he advised that the Russian Minister, who had been interviewed by him or by His Majesty's Minister on the previous day, whilst deprecating the larger loan for which we had previously been negotiating, did not appear to have any objection to the 100,000L. loan, which telegram seemed to indicate that Mr. Preece was conducting his negotiations with the full knowledge and support of His Majesty's Minister at Tehran. But, nevertheless, acting on Mr. Maxwell's suggestion, I drew Mr. Preece's attention to the point in my telegram authorising acceptance of the conditions set forth in his message of the 12th instant, as follows:—

"Referring to your telegram of the 12th, we agree all conditions. You can close, but Foreign Office say this small loan must also follow conversion Russian Bank loan. Therefore you must ask British Minister get Russian Minister's approval."

Following this I have received from Mr. Preece the further two telegrams quoted below:—

"October 14, 1910.

"British Minister seeing Russian Minister to-day and will try to induce him to ignore Russian Bank objection, although that question ready for prompt settlement."

"October 17, 1910.

"Be prepared to place 2,000L. with Imperial Bank of Persia ready my ordering to this effect. To enable me to sign documents please make out power of attorney in favour of myself, and ask Foreign Office if they will telegraph to British Legation a certificate that they hold such a document, as was done to enable Sir Charles Hardinge to sign Bakhtiari road agreement for Lynches."

The above explanations and telegrams show the position of the negotiations for the loan of 100,000L. at the present moment. In due course I presume His Majesty's Minister at Tehran will advise you of the result of his interview with the Russian Minister, and, in the event of its being favourable, I shall be obliged by your obtaining as soon as possible the approval of His Majesty's Government to the loan and by your addressing to my company a letter in accordance with the terms indicated in your letter of the 23rd May last addressed to Mr. C. W. Wallace, in order that the matter may be completed at the earliest possible moment, as our representative at Tehran wires that he is in bad health and must leave Persia at once.

I have, &c.

C. GREENWAY, Managing Director.

[38079]

No. 85.

Sir T. Jackson to Mr. Mallet.—(Received October 19.)

Dear Mr. Mallet,

25, Abchurch Lane, London, October 19, 1910.

AFTER leaving you yesterday we wired Tehran the following:—

"Do the best you can find out, and telegraph to us in time for meeting of board to-morrow, actual net terms to Persian Government of proposed Seligman's 5 per cent. loan. Can you also ascertain proposed price of issue?"

We received the following in reply to the above:—

"Understand 1,200,000L.; net terms not yet arranged; are informed Seligman Brothers will give as good terms as market permits, hoped 84 or 85, in which case issue price will be higher. Persian Government much prefer Imperial Bank of Persia arrange business instead of Seligman Brothers."

We have just dispatched the following to Tehran:—

"Referring to your telegram of the 19th, you may assure Persian Government we can issue loan on as favourable terms as anyone else. It is all-important in the interests of the bank to prevent the business getting into other hands. We have discussed matter with Foreign Office. Inform legation."

You see we are not letting the grass grow under our feet; 84 or 85 is not favourable to the borrowers; by the time they had finished with Seligman's they would realise what their money cost them. We intend to do the best we can for them.

Very truly yours,

T. JACKSON.

[38047]

No. 86.

Sir G. Barclay to Sir Edward Grey.—(Received October 19.)

(No. 411. Confidential.)

(Telegraphic.) P.

Tehran, October 19, 1910.

SELIGMAN'S proposed loan to Persian Government.

I am informed by Mr. Osborne that Woolff has proof that in whatever manner Messrs. Seligman Bros. proposed loan for the conversion of the Persian Government's debts to the Imperial Bank of Persia may be underwritten, German financiers will eventually acquire a substantial portion of the shares.

[38087]

No. 87.

Sir G. Barclay to Sir Edward Grey.—(Received October 19.)

(No. 413.)

(Telegraphic.) R.

Tehran, October 19, 1910.

MY telegram No. 406 of 14th October.

Minister for Foreign Affairs told me to-day it was quite impossible for Persian Government to do anything for improvement of southern roads without money.

I reminded him of the frequent intimations given to him by Mr. Marling and me that application to the two Powers for an advance would be likely to meet with favourable response.

[38085]

No. 88.

Mr. O'Beirne to Sir Edward Grey.—(Received October 19.)

(No. 283.)

(Telegraphic.) P.

St. Petersburg, October 19, 1910.

PLEASE refer to my telegram No. 282 of the 17th instant: Imperial meeting at Potsdam.

I again spoke to M. Sazonow on this subject to-day, and laid great stress on the importance of the Russian Government not coming to any agreement with Germany about Persia or the Bagdad Railway before His Majesty's Government had been consulted. The following is the result of my conversation with his Excellency:—

M. Sazonow wishes His Majesty's Government to understand in advance that there is one point on which the wishes of Germany will in any case have to be complied with, namely, that the place where the future Persian system is to join the Bagdad line shall be Khanikin. Russia is already practically bound to concede this point, and the interests thereby affected are mainly Russian. But at the Potsdam interview no written instrument on this subject will be signed.

M. Sazonow also states that he will not sign anything while at Potsdam in regard to the stipulations which will be insisted upon by the Russian Government touching the question of concessions within the Russian zone in Persia. If an exchange of notes should be rendered necessary by the pourparlers at Potsdam, the German Government will be told that the Russian note will be drafted by M. Sazonow at St. Petersburg on his return. He will not sign it without previously submitting the text to His Majesty's Government, and finally, M. Sazonow promises to convey "every syllable" of what passes at Potsdam between him and the German Government to me on his return here.

I beg that the above may be treated as confidential. His Excellency displayed extreme anxiety that the German Government should know nothing about the undertaking here outlined.

[38083]

No. 89.

*Sir Edward Grey to Mr. O'Beirne.**

(No. 631.)

(Telegraphic.) *En clair.**Foreign Office, October 19, 1910.*

FOLLOWING sent to press for publication:—

"We are officially informed that the recently-published reports give an entirely erroneous impression of the note which has been addressed to the Persian Government by His Majesty's Minister at Tehran on the condition of the southern trade routes. Facts are as follows:—

"For the past three years His Majesty's Minister has made serious representations to the Persian Government respecting the insecurity of the southern roads and the disastrous effect on British trade. In spite of repeated assurances no improvement has been made, and if the present situation continues the Gulf trade will be permanently affected.

"After full consultation with the Russian Government, and in complete accord with them, His Majesty's Government decided to inform the Persian Government that unless order was restored on the Bushire-Ispahan road within three months' time they must insist on the organisation of a local Persian force, officered by eight or ten British officers of the Indian army, for the protection of the road.

"There is no question of the Government of India undertaking any responsibility in the matter, or of any encroachment on the integrity of Persia."

[37999]

No. 90.

Foreign Office to Treasury.

Sir,

Foreign Office, October 19, 1910.

I AM directed by the Secretary of State for Foreign Affairs to refer to your letter of the 11th November, 1908, intimating that the Lords Commissioners of His Majesty's Treasury assented to the appointment of a military attaché at Meshed for a period of two years on the understanding that the cost of his salary, varying according to his rank from 574*l.* 8*s.* to 927*l.* 4*s.*, should be shared by the Imperial and Indian Exchequers. The period for which this sanction was given terminates on the 20th instant. I am to state that the question of continuing the appointment has been the subject of careful consideration, but that various questions have arisen between this department and the India Office both as to the amount and as to the incidence of the expenditure involved.

There is a consensus of opinion that the maintenance of the post is necessary in the interests of both the Indian and the Imperial Governments, and I am to express Sir E. Grey's hope that their Lordships will see fit to sanction a continuance of the expenditure involved under the now existing arrangement until the end of the present year, pending the full reference to you of the whole question at issue, which will shortly be made.

I am, &c.

LOUIS MALLET.

* Also to Sir E. Goschen (No. 112) and Sir G. Lowther (No. 314).

[37799]

No. 93*.

Sir Edward Grey to Mr. O'Beirne.(No. 635.)
(Telegraphic.) P.*Foreign Office, October 20, 1910.*

FORTHCOMING meeting of the Emperors of Germany and Russia at Potsdam.

I have received your telegram No. 282 of the 17th instant reporting your conversation with M. Sazonow.

You might express hope that Russian Government will not commit themselves to any particular concession regarding the neutral zone without previously consulting us, and remind his Excellency of our joint note to Persian Government of the 7th April.

As regards Bagdad-Khanikin junction, it is not clear how the Russian Government could claim a return for a concession already granted by them. Could you find out from M. Sazonow whether Russia ever gave her unconditional consent to the junction of the two lines in some further negotiations? It seems obvious that they could have claimed their *quid pro quo* when they agreed to the junction, and not delay it for a subsequent occasion.

[1761]

M*

[36908]

No. 91.

Sir Edward Grey to Sir G. Barclay.(No. 302.)
(Telegraphic.) P.*Foreign Office, October 20, 1910.*

I AM informed by the French Ambassador, with reference to the foreign inspectors of finance, that M. Bizot holds the view that, were he to be succeeded by one of his own compatriots as adviser, Belgians and Americans would be equally unsuitable as staff—Americans because American and French financial methods differ so widely; Belgians because they would, in virtue of their control of the customs, be in a position to evade control of a French financial adviser. He would himself prefer French Swiss.

If M. Bizot's successor is to be a Frenchman, then French Government will, I presume, submit these considerations to the Persian Government. I have replied in this sense.

(Repeated to St. Petersburg, No. 633, and Paris, No. 364.)

[37784]

No. 92.

Sir Edward Grey to Sir G. Barclay.(No. 304.)
(Telegraphic.) P.*Foreign Office, October 20, 1910.*

OIL company's proposed loan.

With reference to your telegram No. 408 of the 17th October.

If your support is likely to help you may give it. The Persian Government's interest in the oil concession is the sole security for the proposed joint advance. Conversion must precede conclusion in the event of the Russian Government desiring it.

(Repeated to St. Petersburg, No. 636.)

[38083]

No. 93.

*Sir Edward Grey to Mr. O'Beirne.**(No. 634.)
(Telegraphic.) *En clair.**Foreign Office, October 20, 1910.*

REPRESENTATIONS to Persia as to state of southern roads.

My telegram No. 631 of yesterday is text of communication given to press for publication.

[36344]

No. 94.

Sir Edward Grey to Sir G. Barclay.(No. 178.)
Sir,*Foreign Office, October 20, 1910.*

I TRANSMIT to you herewith copy of a letter from Messrs. H. C. Dixon and Company, together with the reply thereto,† relative to the insecurity of the roads in Southern Persia, and urging that measures may be taken to recover their claims for robberies of goods.

I request you to take an early opportunity of pressing these claims on the notice of the Persian Government.

I am, &c.
E. GREY.* Also to Sir E. Goschen (No. 113) and Sir G. Lowther (No. 315), *mutatis mutandis*.
† Nos. 25 and 96.

[1761]

M

[36908]

No. 95.

Sir Edward Grey to M. Cambon.

THE Secretary of State for Foreign Affairs presents his compliments to the French Ambassador, and has the honour to thank his Excellency for the information communicated in the Memorandum of the 10th instant, on the reorganization of the Persian finances. Sir E. Grey presumes that if M. Bizot's successor should be a Frenchman, the French Government would communicate to the Persian Government M. Bizot's views as to the nationality of the personnel placed under the orders of the financial adviser.

Sir E. Grey has also communicated M. Bizot's views on this question to His Majesty's Minister at Tehran, and to His Majesty's chargé d'affaires at St. Petersburg.

Foreign Office, October 20, 1910.

[36344]

No. 96.

Foreign Office to Messrs. Dixon and Co.

Gentlemen,

Foreign Office, October 20, 1910.

I AM directed by the Secretary of State for Foreign Affairs to acknowledge the receipt of your letter of the 6th instant relative to the insecurity of the trade routes of Southern Persia and to your still outstanding claims on the Persian Government on account of property belonging to you which has been stolen on the roads.

I am to state that His Majesty's Minister at Tehran has made a strong representation to the Persian Government with regard to the disorder now prevalent on the Bushire-Ispahan road.

A copy of your letter will be forwarded to Sir G. Barclay with instructions to bring your claims to the notice of the Persian Government.

I am to add that the statement of your claims enclosed in your letter of the 7th October has been substituted for the erroneous statement enclosed in your letter now under reply.

I am, &c.

LOUIS MALLET.

[38291]

No. 97.

Messrs. Ellinger and Co. to Foreign Office.—(Received October 21.)

Sir,

28, Oxford Street, Manchester, October 19, 1910.

AS explained by our Mr. Martin Ellinger to Mr. Maxwell, there exists in the Gulf, in addition to the red oxide of iron, also sulphur and black iron sand, and we are desirous of sending out the two engineers to examine the deposits, and report as to the advisability of our taking steps to develop these.

If the report is satisfactory we should then wish to obtain concessions to exploit the mines.

The sulphur deposits are at Henjam, North Kishem, north of Linjah, in the neighbourhood of Bostaneh, and at Kamir and Doulab. In the documents in our possession Bostaneh has been variously described as being on the mainland and an island; but the sulphur which we have obtained from Bostaneh we are under the impression came from the mainland. Doulab, we gather, is a place in the Island of Kishem.

All these places are, as far as we can gather, covered by the Muin-ut-Tujjar concession.

The black iron sand is, we believe, found only on the Island of Ormuz.

As explained by our Mr. M. Ellinger, in reply to a question asked by Mr. Maxwell, we shall ultimately apply for the concession to the Muin-ut-Tujjar or to the Persian Government, as may be found to be necessary when the question has been settled to whom the concession rightfully belongs.

In the meantime we should be obliged if His Majesty's Government would communicate our wishes to the legation at Tehran, and ascertain whether a permit for our

[38466]

No. 99*.

Mr. O'Beirne to Sir Edward Grey.—(Received October 21.)

(No. 284.)

(Telegraphic.) P.

St. Petersburg, October 21, 1910.

PLEASE see your telegram No. 635 of the 20th instant.

On 17th October M. Sazonow distinctly stated that Russia had bound herself to the junction of the Bagdad and Persian Railway systems being made at Khanikin; but on 19th October he used the words "practically bound," and remarked that it would be an exceedingly difficult matter now not to agree to the junction. I should infer that there is still room for a bargain.

M. Sazonow, as you are aware, has stated that he will entirely refuse to discuss at Potsdam the question of the neutral zone. As stated in my despatch No. 420 of 18th October, which left by bag last night, I have already reminded him of the joint warning addressed by the two legations to the Persian Government; but I gather that all the concessions which could affect our political or strategical interests are not, in the opinion of the Russian Government, covered by the phrase "ways of communication, telegraphs, and ports" used in the joint note of 20th May.

I shall discuss the matter further with M. Sazonow at an early opportunity.

[17611]

M^o

engineers to prospect in these districts is necessary, and if so whether His Majesty's Legation at Tehran could obtain it for us, and further in case an escort is required for the safety of the engineers in any or all of these places, in what manner the same can be procured, and if possible an approximate idea of the expense.

We fear that the engineers will be unable to remain in these districts later than the end of February or the beginning of March, and it is therefore desirable they should leave this country not later than the end of November. We shall consequently be obliged if you will therefore ask His Majesty's Legation at Tehran to cable to you a reply to your enquiries.

We understand from Mr. Maxwell that you will be able to send your despatch by your bag leaving the 26th instant, and that this would enable us to be in possession of the necessary information by cable about the middle of November.

We beg to express to His Majesty's Government, in anticipation, our thanks for the kind trouble in this matter.

Yours, &c.

ELLINGER AND Co.

[38277]

No. 98.

India Office to Foreign Office.—(Received October 21.)

Sir,

India Office, October 20, 1910.

I AM directed by the Secretary of State for India in Council to acknowledge the receipt of your letter dated the 10th October, 1910, regarding the British force available for the protection of His Majesty's consulate at Shiraz.

Viscount Morley approves the proposed arrangements subject to the concurrence of the Government of India. Copy of a telegram addressed to them is enclosed. It is understood that the detachment of Indian infantry at Shiraz will ultimately be withdrawn as soon as the step can be safely taken.

It would be convenient if this Office could be informed as early as possible of the decision of the Lords Commissioners of the Admiralty as to the retention at Shiraz of the Maxim gun and ammunition.

I am, &c.

R. RITCHIE.

Enclosure in No. 98.

Viscount Morley to Government of India.

(Telegraphic.) P.

India Office, October 18, 1910.

SUBJECT to condition stated in letter to Foreign Office, dated the 22nd ultimo, forwarded with letter of the 23rd ultimo from secretary, political department, India Office, maintenance of Shiraz escort at its present strength has been approved. Following proposals by Sir G. Barclay are now supported by Foreign Office:—

1. Indian infantry detachment to be relieved at same time as relief of escort.
2. Return to Bushire of naval officer and five marines.
3. Subject to concurrence of Admiralty, Maxim and ammunition to remain to be worked by Indian troops.

You may take action accordingly, if you agree.

If Admiralty agree to Maxim remaining, as to which I will telegraph, the relieving party of Indian infantry should include a Maxim gun detachment.

[38287]

No. 99.

Imperial Bank of Persia, Tehran, to Imperial Bank of Persia, London.—
(Communicated by Sir T. Jackson, October 21.)

(Translation.)

(Telegraphic.)

Tehran, October 20, 1910.

IN reply to your telegram of yesterday, Persian Government request you to arrange for issue of loan 1,200,000l., 5 per cent. interest and [?] at 85, or better secured by southern customs, redeemable in thirty-seven or forty years; Persian Government propose mint part proceeds in London.

[38079]

No. 100.

Sir Edward Grey to Sir G. Barclay.

(No. 305.)

(Telegraphic.) P.

Foreign Office, October 21, 1910.

I HAVE heard from the Imperial Bank that their agent has received orders to assure the Persian Government that a loan can be issued by the bank on terms as favourable as can be offered by Seligman or any other house.

They are much concerned that the business should not fall into other hands.

In view of the fact that the bank is ready to make loan, and of the fact that their position in Persia would be seriously affected were loan repaid, it is our duty to give them our support and to prefer them to other firms.

I was informed by Sir T. Jackson in confidence that the closing of the bank would inevitably follow were the above event to take place. This would completely justify our support from a purely political point of view. It is of course a *sine qua non* that Russian conversion must be carried through previous to any advance from the Imperial Bank.

[38427]

No. 101.

M. van der Goes to Sir Edward Grey.—(Received October 22.)

*Légation néerlandaise, Londres,
le 21 octobre, 1910.*

M. le Baron,

EN me référant à la lettre semi-officielle que Mr. L. Mallet a bien voulu adresser au Baron Gericke en date du 18 août dernier, concernant le projet d'irrigation Karoun, j'ai l'honneur de porter à la connaissance de votre Excellence, conformément aux instructions que je viens de recevoir, que mon Gouvernement prend le contenu de cette communication en considération sérieuse, et qu'il ose exprimer l'espoir que, dans l'intervalle, le Gouvernement de Sa Majesté britannique ne fera point de démarches qui seraient contraires aux intérêts néerlandais qui lui sont connus.

Veuillez, &c.

VAN DER GOES.

[38450]

No. 102.

Anglo-Persian Oil Company to Foreign Office.—(Received October 22.)

*Winchester House, Old Broad Street,
London, October 21, 1910.*

Sir,

WITH reference to my letter of the 18th instant, in which I quoted a cable from Mr. J. R. Preece with regard to signing the necessary documents in connection with the loan, I now beg to hand you herewith power of attorney in favour of Mr. J. R. Preece, duly sealed and legalised, and shall be obliged if you will be good enough to cable His Majesty's Minister at Tehran that you hold this document fully authorising Mr. Preece to conclude the negotiations for the loan of 100,000*l.* with the Persian Government.

I am, &c.

C. GREENWAY,
Managing Director.

[38453]

No. 103.

Messrs. Seligman Brothers to Foreign Office.—(Received October 22.)

Sir,

18, Austin Friars, London, October 21, 1910.

IN continuation of our letter of the 14th instant, we have the honour to inform you that we are in constant communication with Tehran, and hope shortly to be in a position to submit the outlines of the proposed contract for your approval.

We may add that we are now negotiating on such a basis as will not necessitate, as we at first anticipated, the issuing of the proposed loan outside of England.

We have, &c.

SELIGMAN BROTHERS.

[38478]

No. 104.

Sir G. Barclay to Sir Edward Grey.—(Received October 22.)

(No. 415.)

(Telegraphic.) P.

Tehran, October 22, 1910.

IMPERIAL Bank of Persia's proposed loan to Persian Government.

In reply to your telegram No. 305 of the 5th October, I have the honour to report that I have consulted with the manager of the Imperial Bank of Persia, Tehran, and I am of opinion that any support given by the legation at this juncture would tend rather to prejudice than to further negotiations. I shall take action only if it appears to me that the Persian Government wish to deal with Seligman Bros. rather than with the bank.

Up till now I see no likelihood of this; on the contrary, Persian Government appear to be most anxious to come to terms with the Imperial Bank of Persia.

[38481]

No. 105.

Sir G. Barclay to Sir Edward Grey.—(Received October 22.)

(No. 416.)

(Telegraphic.) P.

Tehran, October 22, 1910.

SHEIKH of Mohammerah.

With reference to your telegram No. 291 of the 6th October, I have the honour to report that His Majesty's consul-general, Bushire, invested Sheikh Khazal in Durbar on the 15th October with order of K.C.I.E. The sheikh availed himself of the opportunity to renew in public protestations of allegiance to the Central Government to declare himself determined to promote order, civilisation, and commerce in his lands, and thus to continue to earn the approval of His Majesty's Government.

[38450]

No. 106.

Sir Edward Grey to Sir G. Barclay.

(No. 306.)

(Telegraphic.) R.

Foreign Office, October 22, 1910.

YOUR telegram No. 408 of 17th October: Oil company's proposed advance.

We have received from company power of attorney in favour of Preece, whom you should inform.

[38450]

No. 107.

Foreign Office to Anglo-Persian Oil Company.

Sir,

Foreign Office, October 22, 1910.

I AM directed by the Secretary of State for Foreign Affairs to acknowledge the receipt of your letter of the 21st instant, enclosing your power of attorney in favour of Mr. J. R. Preece.

I am to state that His Majesty's Minister at Tehran has been informed by telegraph this day that this document has been received at the Foreign Office.

I am, &c.

W. LANGLEY.

[38590]

No. 108.

Sir G. Barclay to Sir Edward Grey.—(Received October 24.)

(No. 180.)

Sir,

Gulahek, September 21, 1910.

WITH reference to your telegram No. 248 of the 23rd August, and in amplification of my telegram No. 371 of the 18th instant, I have the honour to transmit herewith
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copy of a despatch from His Majesty's acting consul at Tabreez relative to the complaint made by Messrs. Ziegler, of Manchester, that their business was adversely affected by the Russian advance into Azerbaijan.

I have, &c.
G. BARCLAY.

Enclosure in No. 108.

Acting Consul Stevens to Sir G. Barclay.

(No. 21.)

Sir,
IN reply to the legation's despatch No. 14, I beg to state that the complaint made by Messrs. Ziegler, of Manchester, is, in my opinion, far from being justified if, of course, the advance referred to is meant for the Russian troops stationed in various towns in Azerbaijan. Indeed it is my firm belief, and also that of the great majority of merchants in Tabreez, that had we not had the Russian troops in the country business would have been at a complete standstill, and that a state of anarchy much worse than anything we had seen previous to the Russian advance would have reigned in the whole province.

Feeling certain that there was some misunderstanding in the matter, I spoke about it to the manager of Ziegler firm here, who was most astonished and informed me that a short time ago, when it was rumoured Russian troops would leave Tabreez, he had written to Manchester to inform his chiefs that the situation had not yet improved sufficiently to justify the withdrawal of all Russian troops.

It is, however, quite correct that Russian commercial activity of late is gradually extinguishing British trade, but no complaint can hold good against honourable competition.

British cotton goods will in a very short time cease entirely coming here. With a railway line to Djulfa, an automobile cart service from Djulfa to Tabreez, and drawbacks granted by Russian Government, Russia is bound to extinguish totally British trade. If British goods still find their way to this market it is due to the slow and unbusiness-like way of working of the Russian merchants. I have no doubt that in a few years there will not be, excepting a few unimportant specialities, a single piece of British cotton goods to be found in the Tabreez bazaars.

I have, &c.
CHARLES E. STEVENS.

[38591]

No. 109.

Sir G. Barclay to Sir Edward Grey.—(Received October 24.)

(No. 181. Confidential.)

Sir,
DURING the last few months a new departure has been made in Tehran by the publication of a weekly paper called the "Indépendance Persane," in the French language, as well as one sheet of the "Sharq" newspaper in French, the remainder of which continues to be published in Persian.

Both papers stated in their first issues that their object in appearing in French was to counteract the misleading information about Persian affairs which found its way into the European press, the supposition presumably being that the "Indépendance Persane" would find its way to Europe, and that readers would be able to check the statements of their morning's "Times" or "Novoe Vremya" by referring to its veracious columns. It should be remembered that both the correspondents of the "Times" and the "Novoe Vremya" in Tehran some months ago were looked upon by the Persian Nationalists as inimical and unsympathetic. Since then Mr. Fraser, of the "Times," has been replaced by Mr. Moore, who cannot be accused of want of sympathy towards the Nationalists. On the other hand, the "Novoe Vremya" correspondent has gone, and there is no professional Russian newspaper correspondent at Tehran for the moment. The Agence de Saint-Petersbourg—which is analogous to Reuter's Agency—receives telegrams from M. Baranowsky, the Russian Oriental secretary, who, in imparting this information to Mr. Churchill confidentially, explained that he would not abuse his official position to telegraph news which was not public

property. Though I know that he has not telegraphed to the St. Petersburg agency several items of information which he had in his possession, notably the return to the Persian Government of the note respecting concessions, when it was obviously undesirable from a political point of view to do so, it is as well that it is not generally known in Tehran that a member of the Russian Legation supplies the Russian press with information. This fact, if known for certain, would undoubtedly give the Persian press another opportunity to attack the Russian Legation and Russian policy. As it is, the Persian press, and notably the "Indépendance Persane," pursues a campaign of calumny, misrepresentation, and insult towards Russia which, were the press worthy of consideration, and not merely the organ of a small Russophobe party at Tehran, would give just cause to the Russian Government for serious protest.

As an example of the misrepresentation resorted to by the "Indépendance Persane," I enclose a copy of this paper, the perusal of which will, I venture to think, leave no doubt as to the unscrupulous methods adopted by this paper in its anti-Russian campaign.

I can only add that this issue is by no means singular, but is, on the contrary, a fair example of the kind of literature which now appears in Tehran regularly, both in Persian and French.

I have, &c.
G. BARCLAY.

[38593]

No. 110.

Sir G. Barclay to Sir Edward Grey.—(Received October 24.)

(No. 183. Confidential.)

Sir,
Gulahek, September 29, 1910.
WITH reference to my despatch No. 195 of the 20th October last, respecting the loan made to the Sheikh of Mohammerah, I have the honour to transmit herewith copy of a despatch from His Majesty's consul-general at Bushire, reporting the payment by Sheikh Khazal of the sum of 1,600*l.* in connection with the repayment of the loan.

I have, &c.
G. BARCLAY.

Enclosure 1 in No. 110.

Captain Birdwood to Sir G. Barclay.

Sir,

Bushire, August 25, 1910.
WITH reference to the correspondence ending with this office despatch dated the 21st August, 1909, I have the honour to forward, for your Excellency's information, a copy of the communication received from His Majesty's acting consul, Mohammerah, reporting the payment by Sheikh Khazal of the sum of 1,600*l.* in connection with the loan recently made to him.

A copy of this communication is being forwarded to the Government of India in the Foreign Department.

I have, &c.
L. BIRDWOOD,
First Assistant Resident.

Enclosure 2 in No. 110.

Lieutenant Wilson to Lieutenant-Colonel Cox.

(Confidential.)

Mohammerah, August 6, 1910.
I HAVE the honour to state that on the 27th July I handed over to the representative of Messrs. Lloyd, Scott, and Co. (Limited), managing agents of the Anglo-Persian Oil Company (Limited), the sum of 1,600*l.* in English sovereigns, which I had received on the 23rd July from his Excellency Sardar Arfa, Sheikh of Mohammerah, in payment of the first instalment of the interest due on the loan of 10,000*l.* and of the stipulated sum of 1,000*l.* to be devoted yearly to the amortisation of the original sum borrowed.

[38594]

No. 111.

Sir G. Barclay to Sir Edward Grey.—(Received October 24.)

(No. 184. Very Confidential.)

Sir,

Gulahek, October 3, 1910.

TWO months' experience of the present ultra-Nationalist Cabinet has exhausted the patience of my Russian colleague, and when I dispatched my telegram No. 383 of the 26th ultimo, it had become impossible for me any longer to continue without dangerously straining my relations with M. Poklewski to observe a conciliatory attitude towards the Ministry.

Since my return from leave I had striven against this contingency, on the one hand, by urging the Minister for Foreign Affairs to accede to the demands on which the Russian Minister is now concentrating his efforts, and, on the other hand, by giving my Russian colleague friendly counsels of moderation. As I have already reported, I have found the Minister for Foreign Affairs very determined in his opposition to one, at least, of M. Poklewski's demands—that in regard to the free entry of automobiles for use on the Enzeli-Tehran and Julfa-Kazvin roads. As regards my Russian colleague, I cannot say that my advice produced much effect, but, at any rate, he at first took it in excellent part, and did no more than rally me in a friendly way on my sympathy with the Cabinet. As time went on, however, he adopted a more serious tone. He was indignant at the disregard shown by the Persian Government of our unofficial advice in the matter of the foreign assistants, and he proposed to me on the 10th ultimo that we should recommend to our Governments the use of threats to the Persian Government to prevent it from further ignoring our advice. The threats he had in mind were those afterwards proposed by the Russian Government (see Mr. O'Beirne's telegram No. 258), but, after some discussion, I induced him to join with me in recommending the milder warning outlined in my telegram No. 360. The Russian Government, however, as you will remember, thought this warning would prove insufficient, and proposed a more drastic course. It was my conversation with M. Poklewski, after I had informed him of your reply to this proposal, that brought out clearly our divergence of views in regard to the Cabinet and compelled me to lay the situation before you. M. Poklewski spoke with some asperity of the support I was lending to a Cabinet which was hostile to Russia by not discouraging the offer of loans to it. He said that not only the demands which he had formulated in connection with the withdrawal of the Kazvin force, but also his numberless complaints in regard to outrages on Russian subjects had in every instance remained unsatisfied. He contended that the best policy with this intractable Ministry was to show them no sympathy whatever. To imagine they were capable of restoring order was to trust to a chimera. Things were getting worse and worse in the country, and would continue to do so until Persia realised that she could not get on without the sympathy of the two Powers and did something to merit it. He spoke of this legation as a nest of nationalists, and observed that the attitude of certain persons in England—he had just read a foolish letter from Professor Browne to the "Manchester Guardian" and a leading article upon it in that paper—was calculated to give the Persian Government the impression that the co-operation of the two Powers in Persia was apparent rather than real. Russia could not stand much longer the total disregard with which the present Cabinet treated her interests.

There were such clear indications in all he said of strong feeling that I did not combat his remarks as energetically as I might have done, as I most particularly wished to avoid in any way straining our relations. I should add that M. Poklewski has since expressed to a member of my staff his relief that I did not take up some of his remarks during this conversation.

It is, of course, of the utmost importance that there should be no friction between the two legations. I therefore proposed to M. Poklewski that we should inform our Governments of our difference of opinion with a view to eliciting instructions for our guidance, and now that I have your telegram No. 283 to guide me, we should be able to continue to work in complete harmony.

I should like to record, in conclusion, that, notwithstanding the difference in our views, there has not been for one moment any break in my excellent personal relations with M. Poklewski.

I have, &c.

G. BARCLAY.

[38595]

No. 112.

Sir G. Barclay to Sir Edward Grey.—(Received October 24.)

(No. 185.)

Sir,

Gulahek, October 5, 1910.

I HAVE the honour to transmit translation of a note from the Persian Government, addressed to my Russian colleague as well as to me, alleging that Mohammad Ali Mirza is doing his utmost to excite the tribes in Persia to revolt. My Russian colleague, though he discredits this story, is bringing it to the notice of his Government with a view to their making enquiries. It will be noticed that the only evidence produced has reference to intrigues with the Turcomans, and my Russian colleague tells me that this tribe shows no sign whatever of any movement.

I have, &c.

G. BARCLAY.

Enclosure in No. 112.

Hussein Kuli Khan to Sir G. Barclay.

(Translation.)

October 2, 1910.

I HAVE the honour to inform your Excellency that, according to the regrettable but authentic reports received, His Majesty Mohammad Ali Mirza is doing all he can to encourage and excite the (Persian) tribes to disobedience and revolt with a view to creating disorder. The proof of this is that he is instigating the Astrabad Turcomans, and he has sent a large sum of money to their Elders to raise horsemen and to obtain arms. On the frontiers of Astara, &c., the intriguers are circulating a rumour that Mohammad Ali Mirza is returning to Persia.

It is obvious what unfavourable impressions, especially at this moment, such incitements would produce, and to what extent such unfounded rumours would disturb the public mind.

Agha Mohammad and Azad Khan, of the Jaferbai Turcomans, had recently received telegrams from Mohammad Ali Mirza via Baku and Chikishler. The two men at once proceeded to Baku and returned after a week. A secret arrangement was entered into by these men and some of the Turcoman Elders. Some days ago these men, accompanied by twenty Turcomans, went to Hussein Kuli (name of place) and returned the next day saying that Mohammad Ali Mirza requires 1,000 Turcomans, and that a man on his part had come to Chikishler. The two Turcomans above mentioned are giving a large sum of money to people.

I have no doubt that your Excellency will admit that such proceedings are contrary to the stipulations of the protocol concluded between the Persian Government and the Governments of Great Britain and Russia, and also incompatible with the duties of Mohammad Ali Mirza.

Under these circumstances, I request your Excellency most respectfully to bring the matter to the notice of your Government as soon as possible.

I avail, &c.

HUSSEIN KULI.

[38596]

No. 113.

Sir G. Barclay to Sir Edward Grey.—(Received October 24.)

(No. 186.)

Sir,

Gulahek, October 6, 1910.

THE summary of news for the past month, which I enclose herewith, presents a more than usually disquieting picture of disorder.

It is true that the feud, reported in previous despatches, between the two branches of the Bakhtiari khans has been patched up and that Soulet-ed-Dowleh no longer threatens Ispahan, but the retirement of the Kashgais southwards has been marked by widespread devastation and they are reported to be raiding even the outskirts of Shiraz. Meanwhile, the departure of Ain-ed-Dowleh, the Governor-General of Fars, for his post is still delayed, the Government being unable to find funds for equipping a force to accompany him. The post road between Shiraz and Ispahan remains completely

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blocked for caravans, and several robberies have even occurred on the road north of Ispahan. Luristan has been the scene of more than the usual disorder, and latest reports indicate that the governor is besieged in Burujird.

In the north the Shahsevans have again broken into revolt and, after defeating a Government force sent against them from Ardebil, are in complete control of the surrounding districts. The same tribe is also reported to be looting some 20 miles from Tabreez on the Tabreez-Kazvin road. Even in the neighbourhood of Tehran, in the Demavend district, there is a petty rebellion led by a certain Amir Mukarrem, a large land-owner of Mazanderan, assisted by a certain Rashid-es-Sultan. This movement is due probably not so much to the political motive assigned to it by the Minister for Foreign Affairs in his conversation with me, reported in my telegram No. 376, as to private grievances against the Government, but both men have a considerable following and, though a force sent against them has met with some success, they are in a strong position in the mountains and may still give some trouble to the Government.

In Tehran the only events of importance during the month were the resignation of Farman Farma as Minister of Interior and the death of the regent. It is much to be hoped that Naser-ul-Mulk, who has been elected to succeed the late regent and has given a qualified acceptance, putting certain conditions the nature of which has not yet been disclosed, will make up his mind to return from Switzerland without delay to take up the high office to which he has been elected. The voting for the election of the regent is interesting as showing the numerical strength of the Cabinet's regular following in the Medjliss; Mustaufi-ul-Mamalek, whom it was known the Cabinet preferred, receiving twenty-nine votes as against over forty for Naser-ul-Mulk. The Cabinet's following is thus seen to be in a minority, though it is the only body bearing any resemblance to a party in the accepted sense, the remainder of the Medjliss, though generally classed together as "moderates," being a very heterogeneous lot. It is significant that Sardar Assad, who was at one time regarded as a likely candidate in the event of Azad-ul-Mulk's death, received no votes. The Medjliss has evidently no wish to increase the Bakhtiari influence.

Farman Farma's resignation was due to a difference of views with his colleagues on the course to be adopted with Soulet-ed-Dowleh. His Highness favoured the retention of Soulet as chief of the Kashgais at least until the arrival of a Governor-General at Shiraz, while the rest of the Cabinet were for Soulet's immediate dismissal, a step which, however, they have not yet taken notwithstanding Farman Farma's resignation. Vosouk-ed-Dowleh has been strongly pressed to accept the Ministry of the Interior, but has so far persistently refused. Considering the chaotic state of the provinces, his reluctance to accept the post is hardly to be wondered at.

As far as I can judge, the Cabinet, though it still retains the valuable support of Sardar Assad and the Bakhtiaris, has declined in popularity since I last wrote. On all sides one hears complaints of its powerlessness to restore order. Unfortunately there is no reason to expect that any Cabinet which may replace it will be more successful until the Persian Government can bring itself to a more amenable mood towards Russia. Until it can gain some measure of Russia's sympathy it will meet with embarrassments at every turn. Above all, it will continue to encounter difficulties in obtaining the money it so much needs. So far, the present Cabinet has taken no steps towards conciliation. The Minister for Foreign Affairs seems to regard any attempt to this end as hopeless, and, indeed, I am myself not sanguine as to the prospects of conciliation for Russia appears to expect from Persia the same subservient attitude as characterised the Persian Government in pre-Medjliss days, and I fear that this attitude whatever Cabinet may come will prove incompatible with the temper of the Medjliss and the people. The best hope seems to lie in the return of Naser-ul-Mulk. Universally respected as he is, his influence as regent should be very strong in the direction of better relations with Russia.

I have, &c.

G. BARCLAY.

Enclosure in No. 113.

Monthly Summary of Events in Persia for September 1910.

Tehran.

PRINCE FARMAN FARMA resigned the portfolio of the Interior during the course of the month owing to a difference of opinion with his colleagues respecting the

attitude to be adopted by the Government towards Soulet-ed-Dowleh, the Kashgai chief. He maintained that to dismiss Soulet at this juncture would bring about a worse situation in Fars than actually exists, whereas the other members of the Government took a contrary view. So far no one has been chosen to succeed the Prince.

Azad-ul-Mulk, the regent, died on the 22nd September, and the following day a special sitting of the Medjliss was held to elect his successor. Naser-ul-Mulk received over 40 votes, the remainder being given to Mustaufi-ul-Mamalek. Though Naser-ul-Mulk telegraphed to the Medjliss thanking it for the mark of confidence which his election as regent denoted, it is not yet certain whether he will take up the post.

The late regent's funeral was conducted with much ceremony on the 30th September. The diplomatic body attended in uniform.

On the 27th September the British and Russian Ministers made an important verbal communication to the Foreign Minister respecting the employment by the Persian Government of foreign officials. They warned the Persian Government against a further disregard of the wishes of their Governments in respect to the employment of subjects of the Great Powers, but stated that there was no objection to the employment of Americans.

Some anxiety has been caused by the action of Amir Mukarrem and Rashid-es-Sultan north-east of Tehran. The former is hereditary Governor of Larijan, and has his head-quarters at Renneh, on the eastern slopes of Demavend. Both he and Rashid-es-Sultan were prosecuted by the Government, in connection with some dispute over land occupied by them, and the courts having given judgment against them, they retired to the mountains and defied the Government. Expeditions have been sent against them and skirmishes have taken place, but so far both rebels are still at large. The Government has reason to believe that Sipahdar, the ex-Prime Minister, has encouraged these rebels.

At the sitting of the Medjliss on the 18th September, a Shiraz deputy named Hajji Agha severely attacked Sardar Assad, who was sitting in his place as deputy for Tehran, respecting his attitude towards Soulet-ed-Dowleh. The Shiraz deputy strongly urged Sardar Assad not to interfere in matters which did not concern him, and remarked that if he did not cease his unauthorised campaign against the unoffending Kashgai chief he would be no less a rebel than Rashid-es-Sultan. Sardar Assad did not show any feelings of annoyance, but replied quite calmly to the attack. It is significant that when the Medjliss voted for a successor to the late Azad-ul-Mulk no votes were given to Sardar Assad.

G. P. CHURCHILL, *Oriental Secretary.*

Tabreez.

Towards the end of September serious disturbances were reported from Ardebil, where the Shahsevans had risen, defeated the Governor's troops, capturing some guns, and were looting. It was rumoured that Rahim Khan's son, who had accompanied him into exile, had returned to Karadagh, and was creating disturbances. The post to Tehran had been looted near Mianeh. On the 29th September a strong body of Shahsevans was reported to be looting at Shibli, 25 miles from Tabreez. The Governor of Urumia had defeated the Kurds near that place, and the situation was fairly quiet. Maraga was also quiet.

Meshed.

1. The high-handed conduct of the chief of police, who has taken advantage of the fact that there is still no Governor-General to line his own pockets and otherwise misbehave himself, has caused His Majesty's consul-general and his Russian colleague to telegraph to their respective legations asking for his removal. The two legations have made representations to the Persian Government in this sense. The condition of the province remains unchanged. Many murders and robberies are reported. In the Tabbas district the governor has been taking active measures to suppress a notorious robber, Mohammed Ali of Nishapur, but without success. Early in September a caravan belonging to a British subject was plundered half-a-mile from Meshed as it was starting for Afghanistan. The Acting Governor-General is powerless as he has practically no troops.

2. The Russian "Chief of the Merchants," a prominent and wealthy Russian subject, disappeared mysteriously towards the end of August, and has not yet been

traced. Prince Dabija believes that he was murdered by other Russian subjects, some of the numerous bad characters who abound at Meshed, but the belief is also expressed at the Russian consulate that the chief of police was cognizant of the circumstances connected with his disappearance, if not actually implicated in the matter. It is stated that shortly before he disappeared he left a paper with the Acting Governor-General to say that if anything were to happen to him the chief of police should be held responsible.

3. Up to the 27th September some 160 cases of cholera had been reported in Meshed and the vicinity. The mortality was 30 to 40 per cent.

Seistan.

1. On the 21st August a caravan on its way to Seistan from Kuh-i-Malik Siah was attacked by a party of robbers—seven Afghans and three Baluchis—near Girdi Chah. The caravan included four camel-loads for His Majesty's consulate at Seistan. Four men with the caravan were killed and the goods plundered. Parties were sent in pursuit of the robbers, who were traced to Mirabad, but have not yet been caught. About the same time it was reported that a party of pilgrims on its way to Meshed was attacked at the Anjira defile, sixteen persons being killed. On the 12th September the roads were reported still unsafe.

2. During August 1,689 cases were treated at the Birjand hospital.

Ispahan.

At Ispahan itself the situation is normal, and during September all the roads, except that to Tehran, appear to have been safe and caravans to have come in unmolested. In the latter half of September there were three robberies on the Tehran road, the last being that of the post for Tehran, which was plundered some 30 miles north of Ispahan; the robbers were said to be Bakhtiari. The quarrel amongst the Bakhtiari chiefs has, for the time at least, been settled. Sardar Assad has summoned most of the leading chiefs to Tehran to arrange a permanent settlement, but it remains to be seen if they will obey the summons.

Yezd.

1. Sardar Jang, the governor, left for Ispahan on the 11th September, leaving Salar-i-Moyaed in charge of Yezd. The latter, a young man of 22, has made himself very unpopular with the people by his inconsiderate and brusque manner. His Majesty's acting vice-consul, writing of Sardar Jang's term of office, says that it was marked by a welcome period of safety on the road and of good order in the town, but, on the other hand, his autocratic government was strongly reactionary; bribery was very rife, and all the so-called constitutional departments which were set up had to be subservient to him. The condition of the roads has been normal, excepting the Nain-Ispahan road, which was reported uncertain, and the Yezd-Anar road, which was closed by robbers towards the end of September.

2. Naib Hussein, Kashani, and Intizam-ul-Mulk moved from Anarek to Ardistan towards the end of September and put that place and Zuwareh under contribution. Several of the leading inhabitants of Ardistan, the chief justice included, were seized and maltreated by their followers, but Intizam-ul-Mulk, on his arrival, not only released the chief justice and restored his property to him, but had one of his assailants severely beaten and an ear of another cut off. It appears that Naib Hussein is willing to surrender if the Government will amnesty him and release his son, now a prisoner at Tehran. He has telegraphed in this sense to the National Assembly begging forgiveness. His party is said to number 500 horse and foot.

Burujird.

The governor is reported to have repulsed an attack made on the town by Silakhoris. There has also been fighting against the Sabz Ali tribe, and the town appears to be blockaded by tribesmen.

Kermanshah.

1. His Majesty's acting consul reports that the governor's former authority appears now almost completely sapped. The unusual vigour he displayed in the early months of his governorship won for him many enemies, and these, headed by the leading priest

in Kermanshah, the chiefs of the unpopular local Government officials whom he tried to keep under control, and the chief tax collector, whose usual perquisites were interfered with, have made complaints to Tehran against the governor. These complaints, mostly quite unjustifiable, have so weakened his position that his firm attitude has been gradually relaxed, and he has offered his resignation. This has not, however, been accepted by the Government.

2. Early in September four large caravans, principally of opium and valued at 100,000*l.*, were completely plundered near Kangovar, as also a large number of pilgrims, including some ten families of British Indians, who subsequently reached Kermanshah destitute. Though most of the robberies took place outside his province, Nizam-es-Sultaneh dispatched a force to the scene. It is reported that most of the robberies were the work of the Khazzal tribe, the rest that of the Kakawends. The general opinion was that they were instigated by Sardar Akram, who was near Harsin.

Hamadan.

1. Fighting took place early in September between Abbas Khan, Chenari, and the Governor of Hamadan, supported by troops from Kurdistan. Abbas Khan was defeated, and took refuge with the Khazzal tribe near Kangovar.

2. The governor has informed the British agent that two men are still under arrest for the murder of the Afghan subject, Seyyid Abbas Herati (see last Summary), but that it has been impossible to decide as yet which is the guilty party.

Kerman.

Sarim-ul-Mulk, elder son of Sardar Zaffer, and Mudabbir-ed-Dowleh, lately Deputy Governor of Yezd, arrived at Kerman on the 5th September. His Majesty's consul was officially informed that Sarim-ul-Mulk was temporarily Governor-General until the arrival of his father. It was not clear what Mudabbir-ed-Dowleh's position was meant to be. While the roads in Kerman province appear to be safe, those in Baluchistan are all unsafe. On the 18th September the former deputy governor and the chief of police took refuge in His Majesty's consulate, fearing punishment at the hands of Sarim-ul-Mulk. It is stated that the Bakhtiari officials will shortly be withdrawn from Kerman, and that Jellal-ed-Dowleh, eldest son of Zil-es-Sultan, will be appointed governor.

Shiraz.

1. Kawam-ul-Mulk, the Acting Governor-General, is maintaining good order in the town, but is powerless in the province. The Kazerun road to Bushire remains closed, but caravans are using the Firuzabad road. The main road to Ispahan is at the mercy of Kashgai and Arab tribesmen, who spare nothing and rob the posts regularly. The telegraph lines are being continually interrupted, and men sent out to repair them are robbed and beaten. One caravan recently came through from Ispahan by the Sarhad route. The Governor of Darab and all the officials have abandoned their posts, and the district is at the mercy of the Baharlus, with whom Sheikh Zakaryieh is said to be on the war-path. The Kashgais under Soulet-ed-Dowleh are migrating southwards, and have pillaged the country-side south of Abadeh and have raided even the outskirts of Shiraz. The Acting Governor-General has brought Arab horsemen into the town, as it is not clear what are the intentions of Soulet-ed-Dowleh, who is within 30 miles of Shiraz. An improvement has taken place in the troops at Shiraz; they are better clad, more regularly paid, and sometimes drilled. Ain-ed-Dowleh has not yet left Tehran for Shiraz to take up the post of Governor-General, but he is to start very shortly.

2. M. Passek, Russian consul-general, left for Bushire on the 20th September by the Firuzabad road.

PERSIAN GULF.

Bushire.

1. His Majesty's consul-general left on tour on the Royal Indian Marine steam-ship "Lawrence" on the 8th August, and returned to Bushire on the 26th August.

2. Darya Beggi left Bushire with a force of some 200 men and two guns on the 9th August, and at the end of August was still engaged in operations against Zair

Khudder of Ahrem. No definite result had been attained, but Darya Beggi gave out that his chief object was to establish a customs post at Dilwar, and thus stop the smuggling which is encouraged by the chief of that place, Rais Ali, Tangestani.

3. Mir Barkat, the Baluch chief of the Biaban district, who since March last had been detained at Bushire on account of his complicity in the arms traffic, made good his escape on the 27th August. He was traced to Ahrem and Burdakoom, but has not yet been recaptured.

Ahwaz.

Sheikh Khazal assembled a force of some 5,000 men at Band-i-Kir early in August and himself went there to meet the leaders of the factions in Shuster. The result of the meeting was that a representative of the sheikh visited Shuster and succeeded in getting the factions to disarm and pull down their defences, and on the 13th August the bazaars were once more opened. Sheikh Khazal returned to Mohammerah but sent to Nasiri two of the Shuster leaders whom he brought back with him. A fresh outbreak of disorders was reported from Shuster at the end of August.

Mohammerah.

1. At the end of August the number of British subjects registered at Mohammerah was about 300.

2. On or about the 15th August Soulet-ed-Dowleh telegraphed to the sheikh that the Bakhtiaris were collecting a force to attack him, and that in accordance with the treaty between them the sheikh should forthwith attack the Bakhtiaris from the south and the Vali of Pushti-Kuh should attack them from the west. Attacked from three sides, the Bakhtiaris could offer no effective resistance and their power could be permanently broken. The sheikh was much perturbed at the possibility of being called upon to fulfill his promises in regard to Soulet-ed-Dowleh, and telegraphed that he was quite ready to do his utmost, &c. But he has not the slightest intention of moving in the matter, well knowing that Soulet-ed-Dowleh would do nothing for him in a similar case. The Vali of Pushti-Kuh, who is reported to be greatly addicted to opium and unfitted for active measures thereby, is equally unlikely to do anything.

3. At the end of July difficulties between the oil company and the customs were becoming more acute and more personal than ever.

C. B. STOKES, Major,
Military Attaché.

[38599]

No. 114.

Sir G. Barclay to Sir Edward Grey.—(Received October 24.)

(No. 189.)
Sir,

Gulahck, October 7, 1910.

WITH reference to my despatch No. 174, I have the honour to report that I was under a misapprehension when I stated that the telephone line along the Russian road between Enzeli and Resht was constructed without any special concession. It is true that no special mention of a telephone occurs in the road concession itself, but I have now learned that permission for its erection was subsequently obtained under a special agreement with the Persian Government. The case of the Russian road telephone does not therefore, as I had thought it did, afford a clear precedent in favour of the Anglo-Persian Oil Company.

Nevertheless, I would not propose, unless I receive instructions from you, to restrain the company from laying its telephone line, which indeed I regard as an adjunct to the pipe line, and covered by the French text of article 2 of the company's concession.

I have, &c.
G. BARCLAY.

[38523]

No. 115.

Sir G. Lowther to Sir Edward Grey.—(Received October 24.)

(No. 736.)
Sir,

Constantinople, October 15, 1910.

I HAVE the honour to forward herewith a despatch from His Majesty's vice-consul at Van, reporting an affray between Sunnite and Shiite Mahomedans near Urumia.

I have, &c.

GERARD LOWTHER.

Enclosure in No. 115.

Vice-Consul Molyneux-Seel to Sir G. Lowther.

(No. 23.)

Sir,

Van, September 28, 1910.

I HAVE the honour to inform your Excellency that a serious affray recently occurred between Sunnite and Shiite Mahomedans in the neighbourhood of Urumia. The details, according to my information, are as follows:—

Timur Agha of Mawana, a Sunnite and chief of the Persian tribe of Shikak, and Mir Méhé, also a Sunnite, had bought the farming rights of two Shiite villages two hours distance from Urumia, and had left their agents in these villages. About a month ago the moukhtar of one of these villages quarrelled with these Sunnite agents, and the same night they were massacred by the Persians. Fearing revenge, all the inhabitants of the two Shiite villages then fled to a Persian village quite close to Urumia. This village was attacked the following day by Timur Agha and his followers, but the Persian troops intervening, they were eventually driven off. As Timur Agha resides in territory at present administered by the Turks, the latter intervened and succeeded in bringing about a reconciliation between the Sunnites and Shiites. However, a few days ago the Shiites attacked the Sunnites at the village of Balav whilst engaged in their prayers of the Ramazan, and are said to have massacred about fifty of them.

The Turks accuse the Persian authorities and the Russian consul at Urumia of stirring up ill-feeling between the Sunnites and Shiites.

I have, &c.

J. MOLYNEUX-SEEL, Captain.

[38565]

No. 116.

Mr. O'Beirne to Sir Edward Grey.—(Received October 24.)

(No. 418.)
Sir,

St. Petersburg, October 17, 1910.

THE "Novoe Vremya" of the 15th instant publishes an interesting letter headed "Legal Boycotting," from a correspondent at Resht signing himself "R." The writer, after stating that legal cases between Russians and Persians are decided in Persia in special courts, which are under the jurisdiction of the Persian Ministry of Foreign Affairs, proceeds to say that the inconveniences and difficulties which result from the working of this court have been especially prominent of late years. The local governors, he asserts, have recently commenced to increase their demands that cases in which foreigners are concerned should be transferred from the special court to the ordinary courts, refusing, in the event of non-transference, to assist in the execution of the verdict of the special court. This practically destroys the only semblance of judicial order which has existed for many years. Consuls and Russian subjects have now the prospect of having to deal with the ordinary courts, on the judicial benches of which may appear all sorts of doubtful characters, including possible fedais. Governors are interested in the transference to their courts of these cases, as the awarding of justice is a profitable source of income, whereas the fees paid in connection with the "mixed" court go direct to the Ministry at Tehran and do not benefit the local authorities. The worst feature is that these mixed courts, partly from intimidation and partly from hostility towards Russians have begun to refuse to award sentences, inflicting fines, or punishments on Persians. It was recently notified that even those agreements which, up till now, have been carried through without the participation of

the Persian authorities must now be registered in the mixed courts. Even in those instances where the Russian consul had succeeded in obtaining the signature of a definite verdict in favour of a Russian subject the Persian authorities simply do not carry them out, and thus create an abnormal situation. The Persians have fully learnt how to carry on a legal boycott of Russian subjects. All Russian excuses and justifications given for the dispatch of a Russian column to Kazvin and all assurances that Russia does not wish to intervene in internal Persian affairs are apparently laughed at, and the only explanation of the calm and systematic violation of Russian interests is that the Persian Government are of opinion that Russia will not depart from her passive attitude.

The "Novoe Vremya," commenting on the above letter in a leading article, states that the limit of endurance has been reached, and that this unprecedented legal boycott of Russian subjects by the Persian authorities cannot be tolerated. It would, the "Novoe Vremya" adds, be interesting to know what steps the Russian Minister has taken in Tehran, and what the Ministry of Foreign Affairs intend to do in order to obtain immediate satisfaction of the lawful demands of Russian subjects in Persia.

I have, &c.

HUGH O'BEIRNE.

[38567]

No. 117.

Mr. O'Beirne to Sir Edward Grey.—(Received October 24.)

(No. 420. Confidential.)

Sir,

St. Petersburg, October 18, 1910.

I HEARD some days ago from a good source, as I had the honour to report in my telegram No. 276 of the 10th instant, that the Acting Minister for Foreign Affairs had been summoned by the Czar to attend the meeting of the two Emperors, which would take place next month at Potsdam, and that an intimation had been conveyed to M. Sazonow from Berlin to the effect that one of the principal subjects which Germany wished to discuss was the Persian railways question.

I called yesterday on his Excellency, and after some conversation on another matter I said that I supposed something would be said at Potsdam about the Bagdad Railway. He assented, and said that the question to be discussed was more particularly that of the junction of the Bagdad-Khanikin branch with the future Persian railways. I then reminded his Excellency that His Majesty's Government always kept the Russian Government informed of any negotiations that took place between them and Germany, and I said that they, of course, hoped that he would keep them fully acquainted with anything that passed at the forthcoming interview in regard to Persia or the Bagdad Railway, and that the Russian Government would not conclude any arrangement touching these questions without first consulting with His Majesty's Government.

M. Sazonow replied that as regards the "neutral zone" in Persia, if the question was raised by Germany he would state that he was not prepared to discuss it. He said that it was necessary that the British and Russian Governments should concert together as to that question. He was himself uncertain as to the line of conduct which they should adopt. It seemed doubtful to him whether it would be possible for the two Powers to prevent Germany from acquiring, for instance, railway concessions in that region if she desired it. There seemed to him a danger that Germany might obtain a concession for a line terminating at Bushire.

As regards the Russian sphere, M. Sazonow went on, he must tell me that in the negotiations with Germany which had taken place previous to 1908, Russia had bound herself to agree to a junction of the Bagdad-Khanikin branch with a line to be eventually constructed under Russian auspices from the frontier to Tehran. In return for that concession he would insist that Germany should agree not to seek for what he called "territorial" concessions within the Russian sphere in favour of her nationals. By territorial concessions M. Sazonow gave me to understand that he meant concessions involving the purchase or lease of considerable areas of land. He included, of course, railway concessions under that denomination. I reminded him in this connection that Great Britain and Russia had warned the Persian Government against the grant to subjects of other Powers of concessions which were opposed to the political and strategic interests of the two Powers, and I suggested that Germany might be taken to have acquiesced in the principle thus laid

down. He agreed and said that he proposed when at Potsdam to take the line that Germany had so acquiesced.

If Germany, his Excellency said, consented to the stipulations which he intended to make with regard to concessions in the Russian sphere, Russia would be forced to close the bargain; for it was of the utmost importance to her to prevent the possibility of Germany obtaining a concession for a railway from the frontier to Tehran. It was a certainty that the railway from Bagdad to Khanikin would be built before very long, and if no agreement was concluded with Germany she might secure the concession for the prolongation of the line to Tehran. Anything might occur with a Government such as the Persian Government, and what would then be Russia's position? His Excellency also dropped a remark to the effect that Great Britain ought on her side to demand a *quid pro quo* from Germany in return for the junction of the Bagdad-Khanikin line with the Persian railways. I report this observation, although I do not see how the junction of the two systems at Khanikin could be used by His Majesty's Government as a basis for negotiations.

I repeated to M. Sazonow that His Majesty's Government hoped that he would keep them fully informed of what passed at the approaching interview, and that no arrangement would be concluded without previous consultation with them, and as regards the Bagdad Railway with France also. M. Sazonow answered that I could be certain that immediately on his return from Potsdam he would inform me of all that had occurred.

I have, &c.

HUGH O'BEIRNE.

[38568]

No. 118.

Mr. O'Beirne to Sir Edward Grey.—(Received October 24.)

(No. 421. Very Confidential.)

Sir,

St. Petersburg, October 19, 1910.

WITH reference to my immediately preceding despatch of yesterday's date, I have the honour to report that I to-day called on the Acting Minister of Foreign Affairs, and returned to the subject of the approaching interview at Potsdam. I stated to his Excellency that it had always been the view of His Majesty's Government that while discussions with Germany touching the Bagdad Railway or Persia might be carried on by Great Britain and Russia separately, no arrangement should be concluded with Germany regarding them otherwise than in concert; and the same held good for France so far as the Bagdad Railway was concerned. I reminded him that His Majesty's Government had at one time declined even to discuss the Bagdad Railway question otherwise than *à quatre*; and that M. Isvolsky had fully shared their view as to the necessity of the three Powers acting together in these negotiations. I strongly urged his Excellency on various grounds to undertake that he would not conclude any arrangement without previously consulting His Majesty's Government.

M. Sazonow stated that there was one single matter as to which he must inform His Majesty's Government beforehand that he would be obliged to yield to the desire of Germany. Russia had practically bound herself already to agree that Khanikin should form the point of junction of the Bagdad and the Persian Railway systems. It would be excessively difficult for Russia not to make this concession to Germany and, moreover, while it would in his opinion affect Russian commercial interests prejudicially, it scarcely touched the interests of Great Britain.

As for the stipulations which he would make in return regarding German demands for concessions in the Russian sphere, his Excellency said that nothing would be signed at Potsdam (which statement applied equally to the question of the junction of the railways). If, as the result of the discussion which would take place, there was occasion for an exchange of notes, he would state that he could not draw up the Russian note until his return to St. Petersburg, and he would submit the text before signature to His Majesty's Government. He would also inform me immediately upon his return of "every syllable" of the conversation which had taken place at Potsdam.

I should add that M. Sazonow showed himself extremely anxious that what he had said to me should not become known in Berlin, as his position with the German Government would in that event be very difficult.

I have, &c.

HUGH O'BEIRNE.

[1761]

Q

[38553]

No. 119.

Sir E. Goschen to Sir Edward Grey.—(Received October 24.)(No. 289.)
Sir,

Berlin, October 20, 1910.

THERE has not yet been any sign of inspired comment in the German press on the subject of the British note which has just been presented to the Persian Government. Several of the more independent newspapers, however, discuss the subject. The trend of their observations is in each case the same, and is to the effect that England and Russia have come to an agreement for the partition of Persia. The "Kreuz-Zeitung" hails the British note as the end of the policy of non-intervention in Persia. It says that England, having failed to persuade Russia to withdraw from Persia, has seen herself compelled to come to a definite agreement with her friend for a joint liquidation of the Persian question. The "Kölnische Zeitung" regards the British note as the result of a scheme which has been carefully prepared by England and Russia, and adds that the two Powers are now confident of having reached the goal at which they have long been aiming. The "Münchener Neueste Nachrichten" thinks that the present situation in Persia is one which demands the closest attention of Germany, whose commercial interests it regards as threatened by a possible Russo-British intervention. It expresses the opinion that the commercial expansion of Germany in Persia had been completely checked by the Anglo-Russian agreement, and condemns a jealousy which would aim at excluding all other Powers except England and Russia from the exercise of any political or financial influence in Persian affairs.

The "Vossische Zeitung" is particularly severe on the subject of the British note, which it describes as a threat to occupy the south of Persia. "Russia refuses to evacuate the north of Persia; therefore England, with great regret of course, sees no other alternative but to take possession of the south."

The Secretary of State for Foreign Affairs informed one of my colleagues that as far as he could judge at present he saw no cause for anxiety in the British communication to the Persian Government. He was comparatively indifferent to what took place, as long as the open door was maintained and German commercial and financial interests were not ignored.

I have, &c.

W. E. GOSCHEN.

[38732]

No. 120.

Treasury to Foreign Office.—(Received October 24.)

Sir,

Treasury Chambers, October 22, 1910.

IN the circumstances represented by Secretary Sir E. Grey in Mr. Mallet's letter of the 19th instant, the Lords Commissioners of His Majesty's Treasury sanctions the continuance of the appointment of a military attaché at Meshed on existing terms up to the 31st December next.

I am, &c.

T. L. HEATH.

[38773]

No. 121.

Contract between the Shah and the Persian Government and the Imperial Bank of Persia.—(Communicated by Sir T. Jackson, October 24, 1910.)

THIS contract, made the day of , 1910, between His Imperial Majesty the Shah and the Imperial Government of Persia of the one part, and the Imperial Bank of Persia (hereinafter called "The Bank") of the other part:

Whereas, the Imperial Government of Persia are desirous of issuing and raising in London and Paris a public loan of the amount of 1,250,000*l.*, and the bank have, at the request of the said Imperial Government, agreed to issue a prospectus of, and endeavour to procure subscriptions from, the public to the said loan upon the terms hereinafter expressed:

Now, these presents witness and declare that it is agreed between the Imperial Government of Persia and the bank as follows:—

1. The loan shall be raised by the issue in London and Paris of 12,500 bonds of 100*l.* each and 1*l.* each, such bonds to carry interest at the rate of 5 per cent. per annum and to be framed in the usual form of Government bonds. The loan to be redeemable at par by means of a cumulative sinking fund of $\frac{1}{2}$ per cent. commencing in 1920 and extending over a period of forty years.

2. His Imperial Majesty the Shah and the Imperial Government of Persia shall duly observe and perform all the provisions contained in the said bonds as to payment of the loans and interest thereon and otherwise.

3. The Persian Government have the right to redeem the loan at any time after the year 1920 on giving six months' notice.

4. His Imperial Majesty the Shah and the Imperial Government of Persia specially assign to the service of the loan and as a first charge thereon (subject only to the sterling loan of 1903-4, which on the 20th March last stood at 314,281*l.* 16*s.* 4*d.*) all the customs dues of every description which the Government now is, or at any time hereafter may be, entitled to collect and receive at all or any ports or places in the Persian Gulf, including Mohammerah and Ahwaz.

(a.) His Imperial Majesty the Shah and the Imperial Government of Persia agree that the above-mentioned customs dues shall be fixed and maintained at the tariff in force at the present date both for export and import, and undertake that all sums collected by the customs administration as at present existing shall be paid to the Imperial Bank of Persia week by week for the service of the loan, and accounts of such receipts shall be submitted to the Persian Government by the bank at the end of each month.

(b.) His Imperial Majesty the Shah and the Imperial Government of Persia hereby irrevocably empower and authorise the receipt of such customs dues by the bank or its agents for the time being.

(c.) The bank shall out of the moneys so collected provide a sum sufficient to meet the interest and sinking fund of the loan, and shall hold the surplus at the disposal of the Persian Government.

(d.) The bank undertakes out of the moneys so received to pay on behalf of the Imperial Government of Persia the half-yearly coupon in London and Paris and supervise the working of the sinking fund and pay all charges connected with the same, for which services it shall receive the sum of 170*l.* per annum, payable by the Imperial Government of Persia.

(e.) In the event of the customs receipts of the above-mentioned ports for any one month falling short of the amount required for the service of the loan, either for interest or amortisation, the Imperial Government of Persia binds itself to make good such deficiency from other sources of Government revenue, and, further, notwithstanding such extra provision should receipts from these sources fall below the amount required for payment of the coupon on due date the Imperial Government of Persia hereby empower and authorise the Imperial Bank of Persia or its agents to collect and control all customs dues of Bunder Abbas, Lingah, Bushire, Mohammerah, and Ahwaz for account of the bondholders until such time as existing arrears be liquidated.

5. Out of the proceeds of the loan the bank is authorised by the Imperial Government of Persia to pay off the outstanding 1910 Loan, liquidate the sums still owing by the Imperial Government of Persia to the bank, and hold the remainder at the disposal of the Government within three months from the signature of the contract.

6. During the continuance of the loan or for such less period as the bank shall desire the bank shall be the sole agents and representatives of the Government of Persia in England with respect to the said loan and all matters connected therewith, but undertakes no pecuniary liability whatsoever towards the bondholders.

7. The bonds of the present loan are for ever exempt from all or any Persian tax or deduction. The interest and capital, therefore, will not at any time or under any circumstances be liable to any reduction whatever on the part of the Imperial Government of Persia.

Prospectus.—(Communicated by Sir T. Jackson, October 24.)

(Draft. Private.)

[The List of Applications will close on or before _____, at 4 o'clock.]

IMPERIAL GOVERNMENT OF PERSIA

5 per Cent. Loan, 1910, for 1,250,000l., bearing Interest at 5 per Cent.

In 12,500 bonds of 100l. each, redeemable by half-yearly drawings, or at the option of the Persian Government by purchase in the market, commencing in 1920, and extending over a period not exceeding thirty-seven or forty years.

(Authorised by His Imperial Majesty the Shah and the Imperial Government of Persia.)

The Persian Government reserves the right to redeem the loan at par at any time after 1920 on giving six months' notice.

Messrs. J. Henry Shroder and Co. and the Imperial Bank of Persia, with the authority of His Majesty's Government, invite subscriptions for the above loan, which is raised for the purpose of

The price of issue is l. for every 100 nominal, payable as follows:—

10l. on application.
20l. on allotment.
30l. on _____

On receipt of the amount payable on allotment, scrip will be delivered to the allottee on application.

A coupon for l., being interest at the rate of 5 per cent. from the dates of the instalments to _____, will be attached to the scrip. Bonds with coupons attached for the half-yearly payments of interest will be deliverable as early as possible in exchange for the scrip.

Payment in full may be made under discount at the rate of _____ per cent. per annum on any Tuesday or Friday after the scrip has been issued.

The loan is issued, with the approval of the British Government, by virtue of a contract between His Imperial Majesty the Shah and the Imperial Government of Persia of the one part, and the Imperial Bank of Persia of the other part, concluded at Tehran the _____ day of _____, 1910, by which His Imperial Majesty and the Imperial Government of Persia have especially assigned to the service of the loan, and as a first charge thereon all the customs dues of every description which the Government now is, or at any time hereafter may be entitled to collect and receive, at all or any ports or places in the Persian Gulf, including Mohammerah and Ahwaz, have agreed that the above-mentioned customs dues shall be maintained at the present tariff, and His Imperial Majesty and the Imperial Government of Persia have undertaken to pay to the Imperial Bank of Persia or its agents the above-mentioned customs receipts of the whole of the Persian Gulf ports, including Mohammerah and Ahwaz, and the Imperial Bank of Persia will render to the Persian Government monthly, on the 21st of each month, accounts of all such receipts, and the surplus remaining after due provision has been made from such funds to meet the amount required for the amortisation of capital, and payment of interest month by month shall be at the disposal of the Persian Government.

And the bank undertakes, out of the net moneys so collected, to provide a sum sufficient to meet the interest and stipulated reduction of the loan.

The contract has been communicated to His Majesty's Government, who have

approved of the arrangements entered into, and have given an assurance that the charge on such revenues for the service of the loan shall be noted by His Majesty's Government, who will uphold the contract as a binding engagement upon the Persian Government.

With reference to the above, the following letter has been received from His Britannic Majesty's Government:—

"Sir,

"Foreign Office,

"I am directed by Sir Edward Grey to acknowledge the receipt of your letter of the _____, enclosing copy of a contract entered into between the Persian Government and the Imperial Bank of Persia for the issue of a loan of 1,250,000l., bearing 5 per cent. interest and redeemable at par by means of a cumulative sinking fund of $\frac{1}{2}$ per cent., commencing in 1920 and extending over a fixed period of thirty-seven to forty years.

"By means of the contract the Government of Persia have specially assigned to the service of the loan, and as a first charge thereon, all the customs dues of the ports in the Persian Gulf, including Mohammerah and Ahwaz, and have authorised the payment of those dues to the Imperial Bank of Persia or its agents; the bank undertaking to apply the net moneys so collected to meet the interest and sinking fund of the loan and to pay over to the Persian Government any balance that may remain.

"In the event of the customs receipts of the above-mentioned ports for any one month falling short of the amount required for the service of the loan, either for interest or amortisation, the Imperial Government of Persia binds itself to make good such deficiency from other sources of Government revenue; and, further, notwithstanding such extra provision, should receipts from these sources fall below the amount required for payment of the coupon on due date, the Imperial Government of Persia hereby empower and authorise the Imperial Bank of Persia or its agents to collect and control all customs dues of Bunder Abbas, Lingah, Bushire, Mohammerah, and Ahwaz for account of the bondholders until such time as existing arrears be liquidated.

"I am to state that His Majesty's Government have approved these arrangements, and have given directions that the representatives of the Imperial Bank of Persia charged with the receipt of the customs revenues at the ports of Bushire, Bunder Abbas, Lingah, Mohammerah, and Ahwaz shall be recognised and protected in the performance of their duties by His Majesty's Legation and Consulates, and that the charge on the customs revenues, specially assigned to the loan, has been noted by His Majesty's Government, who will uphold the contract as a binding engagement upon the Persian Government.

"It must be clearly understood that His Majesty's Government do not undertake any pecuniary liability.

"I have, &c."

The average annual value of the imports and exports of the Gulf ports, including Mohammerah and Shiraz, taken from the consular reports for the five years 1905 to 1910, inclusive, was of gold value _____ l., upon which figure the net customs receipts of the above-mentioned ports amount to _____ l. Thus, on this average, the present tariff, as provided by the contract, will produce _____ l. per annum.

The service of the loan requires annually _____ l.

The redemption of the loan will be effected half-yearly by drawings at 100l., or purchase in the market when the price is under 100l. The drawings will commence on the _____

The Persian Government bind themselves not to redeem the bonds within a period of ten years, except by means of the sinking fund, as above. After 1920 the Government have the right of paying off these bonds at 100l. on giving six months' notice.

The bonds of the present issue and their coupons are exempt from all taxation or deduction in Persia.

Applications for the bonds must be made on the enclosed form, accompanied by the deposit of 10l. per cent. on the amount applied for, at the office of Messrs. J. Henry Shroder and Co., 145, Threadneedle Street, E.C., or at the office of the Imperial Bank of Persia, 25, Abchurch Lane, E.C.

If no allotment is made the deposit will be returned in full, and if only a portion of the amount applied for is allotted, the balance of the deposit will be applied towards the payment of the amount due on allotment.

Application will be made in due course to the Stock Exchange for a quotation for the bonds.

[1761]

R

Prospectuses and forms of application may be obtained from Messrs. J. Henry Shroder and Co., the Imperial Bank of Persia, or of Messrs. W. Greewell and Co., 2, Finch Lane, E.C.

The subscription list will be opened on the _____, and closed at or before _____ o'clock on the _____.

The net receipts from the Southern Customs of Persia, Bushire, Bundar Abbas, and Mohammerah, for the last five years, were :—

				Krans.		£	s.	d.
1905-6	..	..	..	7,973,430.00	at 55 =	144,953	5	5
1906-7	..	..	..	7,673,844.60	" 55 "	139,524	8	9
1907-8	..	..	..	10,181,778.95	" 55 "	185,123	5	0
1908-9	..	..	..	7,144,075.35	" 55 "	129,892	5	7
1909-10	..	..	..	6,822,330.00	" 55 "	124,042	7	4

London, _____, 1910.

Would the Government amalgamate their loan with the proposed issue if same is not to be repaid for a long period, say, first drawings to commence ten years' hence.

[38730]

No. 122.

Sir G. Barclay to Sir Edward Grey.—(Received October 24.)

(No. 417.)

(Telegraphic.) R.

Tehran, October 24, 1910.

MY telegram No. 413 of the 19th October : Southern roads.

Persian Government have replied to my note. Persian text is very involved. Minister for Foreign Affairs promises me French translation, and meanwhile I defer making suggestion for our answer. You may take it, however, that telegram from Reuter's agent at Tehran of Saturday is substantially accurate.

[38772]

No. 123.

Sir G. Lowther to Sir Edward Grey.—(Received October 24.)

(No. 231.)

(Telegraphic.) P.

Constantinople, October 24, 1910.

PERSIA.

With reference to your telegram No. 314.

I fear that the accounts which I have had published in the Constantinople and Bagdad newspapers are not likely to overtake the distorted version of our intention to occupy the whole of South Persia which had been previously circulated and called forth an expression of strong anti-British sentiment in the local press.

Yesterday a meeting was held at one of the theatres here, many officers were present, and violent speeches were made against England, accusing her of being an enemy of Islam in collusion with Russia and France, and calling upon Germany, her allies and her Emperor, to come to Persia's aid by means of an intervention such as that which "preserved Morocco from the Anglo-French betrayal." The fact of Turkey's wholesale absorption of Western Persia during the last few years was naturally passed over in silence by the speakers, among whom was a Smyrna deputy who visited England last year. In one of the speeches the brutality of our methods in giving previous notice to Persia and the world in general of our "intended usurpation" was contrasted with the "more delicate methods" adopted by the Russians, who did not give any such warning before acting. It is significant that a public political meeting of this kind should be held during the state of siege.

It is rumoured that the sudden arrival of the Turkish Ambassador from Berlin yesterday, and the conferences he has held with various members of the Government, at which the Acting War Minister assisted, have reference to a proposal for the concerted action of Turkey and Germany with regard to Persian affairs.

[37291]

No. 124.

Foreign Office to Treasury.

Sir,

Foreign Office, October 24, 1910.

I AM directed by the Secretary of State for Foreign Affairs to transmit to you, for submission to the Lords Commissioners of His Majesty's Treasury, the enclosed copy of a letter from the India Office,* with its enclosures, regarding a scheme for the military defence of the consular buildings at Bunder Abbas.

It will be observed that, in a despatch dated the 15th September, the Government of India, after careful consideration of various schemes, recommended the adoption of one put forward by Colonel Cox, His Majesty's consul-general at Bushire, which, with certain modifications, would involve the expenditure of 5,650 rupees (376l. 13s. 4d.). In a subsequent telegram, dated the 8th October, they stated that, as Afghans were reported to be on their way to Bunder Abbas, the military authorities considered that the defence works should not be delayed.

A discussion took place between representatives of this department and of the India Office, and, in view of the urgency of the situation and of the necessity of putting the work in hand within a space of time that would not allow of formal reference to the Treasury, an intimation was given to the India Office that no objection to the defence scheme recommended by the Government of India would be raised by the Imperial Government, who would be willing to defray a moiety of the cost of the work to be executed.

I am now directed by Sir E. Grey to express the hope that their Lordships will see fit to authorise formally the charge on the Imperial revenues of one-half of the sum to be expended at Bunder Abbas (376l. 13s. 4d.), and that, in view of the extreme urgency of the matter and of the comparative smallness of the sum involved, they will not object to the procedure adopted on this exceptional occasion. The importance of the matter is shown by the fact that last year the consular buildings at Bunder Abbas were seriously menaced with a formidable attack from Afghan gun-smugglers, and that the Persian Government is entirely impotent to deal with such a situation.

I am, &c.

W. LANGLEY.

[38079]

No. 125.

Foreign Office to Imperial Bank of Persia.

Sir,

Foreign Office, October 24, 1910.

I AM directed by the Secretary of State for Foreign Affairs to thank you for the communication of the various telegrams exchanged with your manager in Tehran in regard to the proposed loan from Seligman Brothers and to the negotiations conducted by you on the subject with the Persian Government.

I am to state that His Majesty's representatives at St. Petersburg and at Tehran have been informed by telegraph of what has been proceeding. They have been told that His Majesty's Government would support the Imperial Bank of Persia in the present matter in preference to other firms, but that the conclusion of any loan from you must be conditional on the previous conversion of the debts owing to the Russian Bank.

I am, &c.

W. LANGLEY.

[37462]

No. 126.

Foreign Office to Messrs. Seligman Brothers.

Gentlemen,

Foreign Office, October 24, 1910.

I AM directed by the Secretary of State for Foreign Affairs to acknowledge the receipt of your letter of the 14th instant stating that the Persian Government are applying to you for assistance with a view to repaying the loan made by the Imperial Bank of Persia.

* No. 63.

I am to state that Sir E. Grey understands that the Imperial Bank of Persia are themselves now negotiating with the Persian Government with a view to effecting a loan, and that he must await the result of these negotiations before proceeding further in the matter.

I am, &c.
W. LANGLEY.

[38837]

No. 127.

India Office to Foreign Office.—(Received October 25.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Viscount Morley, forwards herewith, for the information of the Secretary of State, copy of a telegram to the Viceroy, dated the 19th October, relative to the Habi-ul-Matin.

India Office, October 24, 1910.

Enclosure in No. 127.

Viscount Morley to Government of India.

(Telegraphic.) P. *India Office, October 19, 1910.*

HABUL-MATIN. See your telegram dated the 28th September.

So long as there is no complaint on part of Russia, expulsion could not easily be justified merely on grounds of a foreign Power being attacked. There is a cessation of attacks on England, and the organisation of opinion of Indian Mahomedans against the policy of the two Powers is not being seriously attempted. It is not necessary, in my opinion, to take extreme measures.

[38857]

No. 128.

Imperial Bank of Persia to Foreign Office.—(Received October 25.)

Sir, *25, Abchurch Lane, London, October 24, 1910.*

WE have the honour to acknowledge with thanks the receipt of your letter of the 13th October regarding the proposed advance to the Persian Government and the repayment of the bank's loan in March next.

We have now the pleasure to submit for your information the telegraphic correspondence which has passed between the board and the chief manager in Tehran upon the subject.

I have, &c.
G. NEWELL, *Manager.*

Enclosure in No. 128.

Telegrams exchanged with Mr. A. O. Wood, Imperial Bank of Persia, Tehran.

(1.)

Tehran to London, September 14, 1910.

PERSIAN Government has applied to us for a loan of 5,000,000 krans against jewels. If you agree, would suggest three months. At end of the term jewels to be sold in cover of this transaction. What would you suggest rate of interest? Reply as soon as possible.

(2.)

London to Tehran, September 14, 1910.

In reply to your telegram of to-day. In view of our large outstandings with Persian Government, most reluctantly decline the business.

(3.)

Tehran to London, September 15, 1910.

Persian Government have urgent need of, and beg you to reconsider. If terms offered are unacceptable, upon what terms can you arrange the business? Money urgently required put in order provinces. If you agree to advance, hope include remaining 1,900,000 krans Government debt same terms as last settlement.

(4.)

London to Tehran, September 16, 1910.

Your telegram of yesterday. I will reply soon as possible.

(5.)

London to Tehran, September 23, 1910.

Referring to our telegram of the 16th September, we are in communication with Foreign Office. There are considerable difficulties in way of making loan; will advise you as soon as possible.

(6.)

Tehran to London, September 24, 1910.

Your confidential semi-official letter of the 9th September. There are three separate syndicates in connection with this business, as follows: loans, mines, Anglo-Persian Oil Company (Limited). Persian Government are prepared accept 500,000l. 92, 6 per cent. interest, redeemable in sixty years, amortisation start after ten years, secured by share royalties mining, Anglo-Persian Oil Company, southern customs, telegraphs. Do you think it advantageous join loan syndicate and convert Government debt to us making loan 1,200,000l.? If so, think best plan would be to consult syndicate; if suggestion meets with approval of the board, can probably arrange with Persian Government.

(7.)

London to Tehran, September 28, 1910.

After careful consideration board regret they cannot advance against jewels. Your telegram of the 24th September, board do not consider it advantageous join loan syndicate; we are writing fully.

(8.)

Tehran to London, October 6, 1910.

Understand Seligman Brothers will consult you regarding loan Persian Government. What is your opinion?

(9.)

London to Tehran, October 7, 1910.

Have seen Seligman Brothers; it would not be in the bank's interests to assist them to float a loan.

(10.)

London to Tehran, October 8, 1910.

Our telegram of yesterday, keep British Minister fully informed.

(11.)

Tehran to London, October 11, 1910.

Persian Government has given notice will pay in full Imperial Bank of Persia next March by loan to be issued in London by Seligman Brothers. Persian Government invite our co-operation. I have advised British Minister.

(12.)

London to Tehran, October 18, 1910.

Do the best you can find out and telegraph us in time for meeting of board to-morrow actual nett terms to Persian Government of proposed Seligman Brothers 5 per cent. loan. Can you also ascertain proposed price of issue?

(13.)

Tehran to London, October 19, 1910.

Understand 1,200,000l., nett terms not yet arranged; are informed that Seligman Brothers will give terms as good as market permit, hoped 84 or 85, in which case price of issue will be higher. Persian Government much prefer Imperial Bank of Persia arrange business instead of Seligman Brothers.

(14.)

London to Tehran, October 19, 1910.

Private and confidential, for your private information only. Referring to your telegram of 19th instant, you may assure Persian Government we can issue loan on as favourable terms as anyone. It is all-important in the interests of the Imperial Bank of Persia to prevent the business going into other hands; we have discussed this matter with Foreign Office. Inform British Legation.

(15.)

Tehran to London, October 20, 1910.

In reply to your telegram of yesterday, Persian Government request you to arrange for issue of loan 1,200,000l. 5 per cent. interest and (?at) 85 or better secured by southern customs redeemable in thirty-seven or forty years. Persian Government propose mint part proceeds in London.

(16.)

London to Tehran, October 21, 1910.

Referring to your telegram of yesterday, we are now negotiating regarding loan, but time is required to arrange details.

[38896]

No. 129.

Imperial Bank of Persia to Foreign Office.—(Received October 25.)

Dear Sir, 25, Abchurch Lane, London, October 24, 1910.
AFTER their return from the Foreign Office to-day, Sir Thomas Jackson and Sir George Mackenzie had a telegram prepared and sent to our chief manager in Tehran, a translation of which I herewith enclose for your information.

Yours, &c.
G. NEWELL,
Manager.

Enclosure in No. 129.

Imperial Bank of Persia, London, to Imperial Bank of Persia, Tehran

(Translation.)
(Telegraphic.)

October 24, 1910.

REFERRING to your telegram 20th October, referring to our telegram 21st October.

Notify Persian Government that we at once opened negotiations for issue of loan, and we are surprised learn at Foreign Office to-day Seligman Brothers apparently still consider matter not withdrawn from their hands; it is most important Persian Government should notify Seligman Brothers' agent immediately that loan is being arranged through us, and Seligman Brothers must withdraw; competition hampering negotiations. You can repeat assurance to Persian Government that they are safe in our hands, and will obtain best possible terms from us. Reply.

[38859]

No. 130.

Messrs. Seligman Brothers to Foreign Office.—(Received October 25.)

Sir, 18, Austin Friars, London, October 24, 1910.
WE have the honour to enclose herewith a copy of the official application, the original of which we submitted to Mr. Maxwell to-day, from the Minister of Finance in Persia, and dated the 10th instant, asking us to arrange, with a view to placing it on the London market, a 5 per cent. sterling loan of approximately 1,200,000l., which loan is to include the conversion of the debt to the Imperial Bank of Persia.

We hope to be in a position to refer to this matter again within the next day or two, and meanwhile have the honour to remain, &c.

SELIGMAN BROS.

Enclosure in No. 130.

Hakim-el-Mulk to Messrs. Seligman Brothers.

Gentlemen,

Ministry of Finance, Tehran, October 10, 1910.

IN pursuance of the conversations which I have had with Mr. Moore, I have the honour to inform you that the Persian Government is desirous of effecting the conversion of its consolidated debt with the Imperial Bank of Persia to a 5 per cent. sterling loan of approximately 1,200,000*l.*, and to ask you to undertake this conversion, with the view of placing it on the London market, at a price and for a term to be agreed.

I understand that you have already received from Mr. Moore a copy of the contract between the Persian Government and the Imperial Bank of Persia. From it you will see that the debt is the first charge on the southern customs, and the Government binds itself to make good any deficiency.

As the Persian Government desires to negotiate the contract in Tehran, I beg to invite you, through Mr. Moore or such other representative as you may nominate, to assist the Persian Government in the speedy realisation of this project.

I have the honour further to inform you that the Persian Government has been authorised by Parliament to reorganise the whole of its financial system, and to supply and engage foreign employes for this purpose.

In the event of this, the first public loan, being with your assistance satisfactorily arranged, I am of opinion that important progress in internal reform and development will follow, and I trust that you will contribute to that result.

I have, &c.

HAKIM-EL-MULK,

Minister of Finance.

[38921]

No. 131.

Messrs. Seligman Brothers to Foreign Office.—(Received October 25.)

Sir,

18, Austin Friars, London, October 25, 1910.

WE have the honour to acknowledge receipt of your letter of the 24th instant [37462], and at the same time desire to state that we are convinced that Sir Edward Grey must have been unaware of all the circumstances when he gave instructions for this letter to be sent.

We first approached your office early in April of this year, and, after various letters had passed between us, on the 21st May we received your letter [17149], stating that Sir Edward Grey would be willing favourably to consider giving us permission to mention on the prospectus of the proposed loan the fact that the contract had been perused and approved of by your office, if the contract met with his approval.

On the 31st May we received your letter [19419], stating that an application had been made by the Persian Government to the legations of His Majesty's and the Russian Governments at Tehran for an advance, that the Foreign Office would do nothing in support of an offer from any other source, and at the same time stating that our application would be borne in mind. We received on the 28th July your letter [25229], which informed us that the objection of the Foreign Office was then withdrawn. We would point out the delay from the 21st May to the 28th July which this decision caused.

On receipt of your letter of the 28th July, we again took up the matter, and after difficult negotiations in Tehran between our intermediary and the Persian Government, he was on the 10th October handed by the Persian Minister of Finance an application to arrange a loan for about 1,200,000*l.* with a view to paying off the debt of the Imperial Persian Bank and raise funds for immediate needs. At the same time, the Imperial Bank was notified by the Minister of Finance of the intention of the Persian Government to repay the bank's loan. We gave your department information of this on the 13th October at an interview Colonel Beddoes had at the Foreign Office, and in writing the next day. In our letter of the 14th October we asked whether our action would meet with the approval of Sir Edward Grey, and we desire to emphasise that, beyond a formal acknowledgment, we have received no answer to this question until to-day.

On the 21st October we informed you by letter that we had given up all idea of a foreign issue, and proposed to float the loan only in England, and again beyond a mere acknowledgment we have had no answer to this letter.

The formal application from the Persian Government, dated the 10th October, reached us yesterday, and at an interview given by Mr. Maxwell yesterday to Colonel Beddoes and Mr. C. D. Seligman, one of our principals, we showed him the application. To our great surprise, we then learnt that the Foreign Office was then writing to inform us that they had been informed by the Imperial Bank of Persia of its intention to make a loan to the Persian Government, and that the Persian Government had favourably received the proposal; and, further, that Sir Edward Grey would be unable to support us until the result of these negotiations was known, and that the Foreign Office favoured the loan from the bank rather than from ourselves.

We feel convinced that Sir Edward Grey cannot realise the far-reaching and most detrimental consequences of this decision. We have made our arrangements for the loan, and are in a position to place it the instant the contract between the Persian Government and ourselves is signed.

We shall be compelled to explain the position of the matter to our friends, and we fear it may leak into the financial press, in which references have already appeared from sources of which we are unaware. In the future, should the Persian Government ever require a fresh loan, no respectable firm would negotiate, knowing that at the eleventh hour the great weight of the Foreign Office is liable to be used in support of a competing house, in spite of the fact that a formal application has been made by the Persian Government and the fact noted by the Foreign Office; in other words, it means that the Imperial Persian Bank can dictate what terms they like to the Persian Government, and as soon as better terms are offered and likely to be accepted by the Persian Government, can then, through the influence of the Foreign Office, squash such negotiations and obtain the same terms themselves or possibly even better. It renders the Persian Government absolutely dependent upon the Imperial Persian Bank, and we would respectfully point out that it will appear to the public as if His Majesty's Foreign Office objected to the Persian Government receiving independent financial support and advice, and are prepared to use their influence to prevent such being given.

We have taken great trouble over these negotiations and incurred considerable liabilities; we are absolutely confident of our ability to carry them through, and feel that the action taken by the Foreign Office will create such a bad impression in financial circles and destroy all idea of their impartiality, that we formally request an interview for Colonel Beddoes and one of our principals with Sir Edward Grey, that we may put our opinion personally before him.

The matter is now one of great urgency, and we therefore forward this letter by hand, and we request that it may receive immediate attention.

We have, &c.

SELIGMAN BROS.

[38852]

No. 132.

Sir G. Barclay to Sir Edward Grey.—(Received October 25.)

(No. 418.)

(Telegraphic.) R.

Tehran, October 25, 1910.

HIS Majesty's vice-consul at Lingah apprehends an attack on town by a certain Ghulam Hussein, a well-known marauder with a large following.

I have authorised landing of sufficient force from "Fox," now at Lingah, for protection of foreign life and property should attack appear imminent.

[38917]

No. 133.

Sir G. Barclay to Sir Edward Grey.—(Received October 25.)

(No. 419.)

(Telegraphic.) R.

Tehran, October 25, 1910.

MY telegram No. 417 of 24th October: Southern roads.

I have received French text of Persian Government's note. Reuter telegram, Tehran, of 22nd October, which please see, is a good summary.

After consultation with the Russian Minister I would propose, subject to your

[1761]

T

approval, to reply pointing out that what is said about the presence of foreign troops and the abuse of bast at the foreign legations (Russian and Turkish) is irrelevant to the matter in hand, viz., depredations by tribesmen on southern roads; that statistics showing increased customs receipts apply to the north rather than to the south, and that though it is true that for the last five months the southern customs show a considerable revival (Mohammerah customs, indeed, show a big increase) as compared with the same period last year, it must be remembered that the first months of last year were marked by the Tangistani troubles in Bushire, and in any case it cannot be denied that main southern road is practically impassable owing to disorders, and so long as these continue there can be no lasting revival.

I would make it clear that we could not allow surcharge on southern import duties except as part of our scheme, as we could have no confidence that the proceeds would be properly used, and that however reluctant we may be to find ourselves compelled to take measures contemplated, which involve a minimum of interference in Persian internal affairs, we intend to see them through if order is not restored in time allowed.

I would also state in my reply that His Majesty's Government will not view unfavourably any loan contracted with a good British house so long as it does not violate conditions laid down in joint note of the 7th April. (End of R.)

(Very Confidential.)

I presume that we must, out of deference to Russia, treat as irrelevant the Persian Government's remarks as to the presence of foreign troops and the abuse of bast, though I cannot deny that there is force in them.

[39004]

No. 134.

Sir G. Barclay to Sir Edward Grey.—(Received October 26.)

(No. 420.)

(Telegraphic.) *En clair.*

Tehran, October 26, 1910.

ACTING consul Tabreez reports that Rahim Khan's son is creating serious disturbances in Karadagh, where, with a force of 1,500 men, he has attacked a Government force outside Ahar.

St. Petersburg informed.

[39016]

No. 135.

Sir G. Barclay to Sir Edward Grey.—(Received October 26.)

(No. 421.)

(Telegraphic.) P.

Tehran, October 26, 1910.

IMPERIAL Bank of Persia's proposed loan to Persian Government.

With reference to my telegram No. 415 of the 22nd October.

Hussein Kuli Khan is, I learn, the sole member of the Cabinet who is obstructing the proposed transaction with the bank, but after a discussion of the position with Mr. Wood (manager of Tehran branch of Imperial Bank of Persia), I am of opinion that the bank's chances of a successful issue would only be prejudiced by any action on the part of the legation.

Mr. Moore in the meanwhile is indulging in bluster, and I hear that he speaks openly of setting the Foreign Office at defiance (please refer to your telegram No. 305 of the 21st October). He is confident, apparently, that the Persian Government will not come to terms with the bank. Mr. Wood, on the other hand, is confident that the Seligman proposals will not be accepted.

In these circumstances I believe that it might be advantageous if His Majesty's Government returned an immediate and strongly-worded reply to Persian Government's note about southern roads for the restoration of order, on which it is necessary that financial assistance be immediately forthcoming. I submit that Seligman Brothers would find difficulty in providing this assistance if the Imperial Bank, as it is entitled to do under its agreement with the Persian Government, refused to accept repayment until the 31st March.

[38917]

No. 136.

Sir Edward Grey to Sir G. Barclay.

(No. 301.)

(Telegraphic.) P.

Foreign Office, October 26, 1910.

SOUTHERN roads.

Your telegram No. 419 of the 25th October.

I approve your reply, but suggest revision of close of third paragraph. If we promise our assent to surcharge on customs on one condition only, viz., that proceeds be effectively spent in reopening southern roads, it will be sufficient. This condition would be satisfied were our scheme for the organisation of a Persian force under British officers agreed to, and in that event we should naturally consent to surcharge of customs.

(The following is confidential.)

In the event of the Persian Government withholding its consent to the formation of this force we would be unable forcibly to carry it out ourselves unless we were ready to occupy the territory in question with a sufficiently large force. Any threat committing us to that extent should be avoided, seeing that we cannot contemplate such an extension of our liabilities and obligations in Persia. Would seizure of customs at a port produce effect wanted, supposing Persian Government prove quite intractable and insecurity of southern roads continues?

[39016]

No. 137.

Sir Edward Grey to Sir G. Barclay.

(No. 310.)

(Telegraphic.) P.

Foreign Office, October 26, 1910.

THE following has been repeated to St. Petersburg, No. 651 :—

"Proposed loan by Imperial Bank of Persia.

"Your telegram No. 421 of to-day.

"If it is likely to prejudice bank's negotiations, you are right not to interfere. Before you give your official support to any loan with Persian Government, you should first consult us."

[38921]

No. 138.

Sir Edward Grey to Sir G. Barclay.

(No. 311.)

(Telegraphic.) P.

Foreign Office, October 26, 1910.

THE following has been repeated to St. Petersburg, No. 652 :—

"Seligman Brothers have expressed dissatisfaction at receiving from us an intimation that, until completion of Imperial Bank's negotiations with Persian Government, we cannot support their proposals.

"My reply is that beyond warning contained in identic note of the 7th April we have so far taken no action with Persian Government as regards loans, that we can support no proposals likely to prejudice interests of Imperial Bank, and that we reserve our right to protect British interests as a whole, as may seem most suitable. No legitimate cause of complaint can, therefore, exist."

[39101]

No. 139.

Sir Edward Grey to Mr. O'Beirne.

(No. 650.)

(Telegraphic.) R.

Foreign Office, October 26, 1910.

YOU should inform the Russian Government that the Persian Government have now applied to the Imperial Bank of Persia for a loan, and that latter are disposed to grant it. Loan would be similar to that of Seligman, and would provide for redemption in from thirty-seven to forty years. Of course bank know that conversion of debts to Russian Bank must first be settled.

[39916]

No. 140.

Sir G. Barclay to Sir Edward Grey.—(Received October 27.)

(No. 422.)

(Telegraphic.) Decode.

Tehran, October 27, 1910.

GOVERNMENT forces defeated Rahim Khan's son.

[39133]

No. 141.

Sir G. Barclay to Sir Edward Grey.—(Received October 27.)

(No. 423.)

(Telegraphic.) P.

Tehran, October 27, 1910.

IMPERIAL Bank of Persia's proposed loan to Persian Government.

With reference to your telegram No. 310 of the 26th October, I have the honour to report that Mr. Moore has cabled to the "Times" an official denial of Reuter's announcement that loan negotiations had been opened with Imperial Bank by Persian Government.

Minister for Foreign Affairs has doubtless prompted this step.

Offer was made by bank to Vekil-ul-Roya, the agent by whom all recent financial negotiations have been conducted. The minting contract, the recent conversion of Persian Government's debts to Imperial Bank, the Russian conversion as well as Preece's and Strick's affairs are cases in point.

Vekil-ul-Roya has on several occasions informed Mr. Wood, in reply to bank's offer, that the Persian Government would prefer to come to terms with the bank rather than with any other firm. He also stated that the special commission, whose competence it is to examine concessions and loans, was unanimously in favour of proposal made by bank until Hussein Kuli Khan, who at the beginning concurred with the commission, objected unexpectedly.

[39138]

No. 142.

Sir G. Barclay to Sir Edward Grey.—(Received October 27.)

(No. 424.)

(Telegraphic.) P.

Tehran, October 27, 1910.

SELIGMAN BROTHERS and Imperial Bank of Persia.

Mr. Moore has given me to understand that you have explained to Seligman that His Majesty's Government are bound to support Imperial Bank of Persia in preference to other houses.

Would it not be possible to go further, and inform Seligman that we could not agree to any firm except the bank holding a lien on the southern customs prior to lien affected to Anglo-Indian loan? (In this connection please refer to my private telegram of the 16th instant to Sir A. Nicolson.)

By this means bank would be enabled to offer better terms than Seligman, and the Persian Government could hardly refuse to accept the most favourable offer, however strong the opposition of Hussein Kuli Khan.

[39139]

No. 143.

Sir G. Barclay to Sir Edward Grey.—(Received October 27.)

(No. 425.)

(Telegraphic.) R.

Tehran, October 27, 1910.

MY telegram No. 405 of 14th October.

Russian Minister informs me that manager of Russian Bank has telegraphed draft of conversion agreement to the Russian Minister of Finance for approval.

St. Petersburg informed.

[39140]

No. 144.

Sir G. Barclay to Sir Edward Grey.—(Received October 27.)

(No. 426.)

(Telegraphic.) R.

Tehran, October 27, 1910.

MY telegram No. 409 of 17th October.

Fighting still continues at Kashan, where Bakhtiari have been so far unable to force Naib Hussein's position.

[39147]

No. 145.

Sir G. Barclay to Sir Edward Grey.—(Received October 27.)

(No. 427.)

(Telegraphic.) R.

Tehran, October 27, 1910.

MINISTER for Foreign Affairs read me a telegram last night containing a report from the commandant at Kotur that Mahommed Zakki, who I gather is a Turkish frontier officer, has summoned commandant to surrender or to evacuate Kotur within twenty-four hours.

[39148]

No. 146.

Sir G. Barclay to Sir Edward Grey.—(Received October 27.)

(No. 428.)

(Telegraphic.) P.

Tehran, October 27, 1910.

SOUTHERN roads.

I have the honour to report, with reference to your telegram No. 308 of the 1st October, that, guided by your telegram No. 289 of the 1st October, and your despatch to Sir A. Nicolson No. 219, I worded my note of the 14th October to the Persian Government somewhat stiffly, stating in one passage that if order were not restored within three months His Majesty's Government would be reluctantly compelled themselves to take necessary steps to secure proper policing of the Bushire-Ispahan road.

That the plan of seizing a custom-house would have the desired effect I cannot guarantee. Persians have become familiar with small landings of our men, and the Government would not suffer pecuniarily by the seizure of the customs, as their receipts are now fully pledged. In addition to this, Persian fears that our scheme will be imitated by Russia in the north must be taken into consideration (please refer to your telegram No. 389 of the 29th September).

I venture to submit that if, on the seizure of customs proving ineffectual, His Majesty's Government are not prepared to take extreme measures it is of greater importance than ever, in order that the risk of an impotent conclusion may be lessened, that the Persian Government should be enabled to re-establish order themselves, and I shall substitute wording proposed in your telegram for the whole of the third paragraph of my note. This may perhaps prompt the Persian Government to draw up a scheme, in connection with which our consent to the immediate grant of the surcharge could reasonably be given.

I shall not commit His Majesty's Government as regard their attitude towards the rival loan negotiations, in view of the stage which these negotiations have now reached.

In the absence of further instructions I shall present note the day after to-morrow.

[39150]

No. 147.

Mr. O'Beirne to Sir Edward Grey.—(Received October 27.)

(No. 290.)

(Telegraphic.) P.

St. Petersburg, October 27, 1910.

PROPOSED loan to Persian Government by Imperial Bank of Persia.

Please refer to your telegram No. 650 of yesterday.

In accordance with your instructions I made a communication to-day on this subject to M. Sazonow, who said he did not see any objection to the transaction contemplated.

[39138]

No. 148.

Sir Edward Grey to Sir G. Barclay.

(No. 312.)

(Telegraphic.) P.

Foreign Office, October 27, 1910.

IN view of the fact that first lien on customs is held by Imperial Bank for a portion of debt due to them, and that a lien is also held by His Majesty's Government, no third party, in our opinion, should come in before us. At the present juncture there is no need to communicate this attitude to the Persian Government or to the bank. Before we express our definite views we should like to pass under review several points bearing on the proposed contract with bank.

[39148]

No. 149.

Sir Edward Grey to Sir G. Barclay.

(No. 313.)

(Telegraphic.) P.

Foreign Office, October 27, 1910.

SOUTHERN roads.

Before communicating it to Persian Government, telegraph full text of your proposed reply.

Reference is to your telegram No. 428 of to-day.

[38921]

No. 150.

Foreign Office to Messrs. Seligman Brothers.

Gentlemen,

Foreign Office, October 27, 1910.

I AM directed by the Secretary of State for Foreign Affairs to acknowledge the receipt of your letter of the 25th instant respecting your negotiations with the Persian Government for a loan.

I am to inform you in reply that on the 7th April last the British and Russian Ministers at Tehran, in an identic note, informed the Persian Government that their Governments could only consent to loans being raised by the Persian Government from parties other than themselves on the conditions:—

(1) That neither the customs revenues nor any other revenues now assigned to the service of Russian or British loans could be pledged as guarantees for further financial operations.

(2.) That a consolidation of all the Persian Government's debts to Great Britain and Russia must first be effected.

I am to state that apart from this warning, which was perfectly impartial as regards all firms, His Majesty's Government have taken no action with the Persian Government, whose attitude has been quite independent.

If, however, His Majesty's Government should have, in the future, to take any action, they cannot consent to use their influence in support of any proposals which would displace the Imperial Bank of Persia or seriously prejudice its interests, and must reserve their right at any time to take such action as British interests in their opinion require.

Sir E. Grey fails to see that there is anything either in the past action of His Majesty's Government, or in their attitude as regards the future, which can give legitimate cause of complaint to any firm.

I am, &c.

W. LANGLEY.

[39179]

No. 151.

Sir R. Rodd to Sir Edward Grey.—(Received October 28.)

(No. 165. Confidential.)

Sir,

Rome, October 21, 1910.

I HAVE the honour to report that the Minister for Foreign Affairs, in the course of conversation yesterday, made reference to the British note of warning to the Persian Government, which he characterised as a very energetic measure, adding that it had rather surprised him, as he had thought that there was at the present time in England no tendency towards a policy of expansion. I said I did not understand why he should interpret as implying designs of expansion on our part a warning given to the Persian Government that if they were unable to restore security on trade routes which were of particular importance to us we should be compelled to provide for police measures ourselves. His Excellency replied that one did not of course necessarily follow from the other, but once there was a sort of military control of communications established it was apt to become a permanent feature, and he referred to the continual presence of Russian troops in Persia. To this I replied that their withdrawal had been made conditional on the fulfilment of certain obligations by the Persian Government, and that, so far as my information went, a large proportion of the troops would be withdrawn to-morrow if the Persian Government agreed to the conditions laid down.

The fact that the Marquis di San Giuliano should have referred in this manner to the British note recalled to my memory his statement to me, reported in my despatch No. 137, Confidential, of the 4th September, to the effect that his refusal to allow Italian subjects to be employed in organising the Persian gendarmerie had not been particularly well received in Germany, and it would not surprise me if, as an earnest of the consolidation recently proclaimed of the Triple Alliance, a suggestion had emanated from Berlin that here was a case for "videant consules ne quid detrimenti res communis capiat."

I have, &c.

RENNELL RODD.

[39275]

No. 152.

Admiralty to Foreign Office.—(Received October 28.)

(Confidential.)

Sir,

Admiralty, October 26, 1910.

WITH reference to your letter of the 10th instant, I am commanded by my Lords Commissioners of the Admiralty to request you will inform the Secretary of State for Foreign Affairs that no objection is seen to the retention at Shiraz of the Maxim gun and ammunition after the withdrawal of the naval detachment.

I am, &c.

J. H. BROOKS.

[39246]

No. 153.

Sir G. Barclay to Sir Edward Grey.—(Received October 28.)

(No. 429.)

(Telegraphic.) P.

Tehran, October 28, 1910.

LINGAH.

In continuation of my telegram No. 418 of the 25th October, I have the honour to report that, at the request of His Majesty's vice-consul and of the deputy governor of the town, senior naval officer has landed men at Lingah. It appears that a local force has been defeated by Gholam Hussein in the vicinity of the town.

[39303]

No. 154.

Sir G. Barclay to Sir Edward Grey.—(Received October 28.)

(No. 430.)

(Telegraphic.) R.

Tehran, October 28, 1910.

YOUR telegram No. 313 of 27th October: Southern roads.

Following is text of proposed note:—

“ Excellency,

“ I have the honour to acknowledge your Excellency's note of 21st October.

“ In replying to this communication I do not deal with your Excellency's reference to the presence in Persia of foreign troops and to protection afforded to bastis by foreign legations, as I consider these references to be irrelevant to the matter with which I am now specially concerned, viz., the outrages and depredations of tribesmen on southern trade routes.

“ Your Excellency points to increase in total volume of Persian trade for 1909–1910 as compared with year 1908–1909, and to further increase which has marked first five months of the current year, but I must point out that increase observable in 1909–1910 applied, as can be seen from customs returns, to north and not to south. In particular it will be seen on referring to published customs statistics that Bushire customs receipts for last year were much lower than in 1908–1909, just as in that year they had been very much lower than in 1907–1908. As regards increase during first five months of the current year, it should be remembered that this year's harvest has been exceptionally abundant, and that first five months of last year, with which comparison is made, included period during which Bushire was in power of Seyyid Murtza and his Tangistanis, and I would draw your Excellency's attention to the fact that, this notwithstanding, Bushire receipts only showed increase of 12½ per cent.

“ But whatever may be statistics of trade for past months, it cannot be denied that certain of the roads are practically impassable. This especially refers to main southern trade route connecting Bushire and Ispahan, the district on the confines of provinces of Fars and Ispahan being in a state of indescribable disorder, and although traffic between Bushire and Shiraz has not been latterly entirely stopped, it has only been able to pass by an inconvenient and circuitous route where merchandise is subject to drastic extortion and illegal fees, and only by sufferance of a tribal chief who is not under full control of the Government.

“ There can, indeed, be no hope of any lasting revival so long as present anarchy continues on these southern roads, and it is with a view to securing for this deplorable state of things a remedy to be applied, if possible, by Persian Government, but if necessary by British officers lent from Indian Army to Persian Government, that I have addressed your Excellency on the subject.

“ As regards 10 per cent. surcharge on import duties on goods passing through southern customs, I am to state that His Majesty's Government can only agree to this charge on condition that proceeds are spent effectively on securing safety of southern trade routes. The scheme foreshadowed in my note for organisation of a Persian force with British officers would satisfy this condition.”

[39304]

No. 155.

Sir G. Barclay to Sir Edward Grey.—(Received October 28.)

(No. 431.)

(Telegraphic.) P.

Tehran, October 28, 1910.

SOUTHERN roads.

With reference to my telegram No. 430 of to-day's date, I would point out that draft note, text of which was sent to you in my above-mentioned telegram, is decidedly milder than the note I addressed on the 14th October to Persian Government.

You should receive copy of latter, which was dispatched last week, on the 2nd November.

[39303]

No. 156.

Sir Edward Grey to Sir G. Barclay.

(No. 316.)

(Telegraphic.) P.

Foreign Office, October 28, 1910.

SOUTHERN roads.

Proposed reply should be withheld until I have sent you further instructions.

Reference is to your telegram No. 430 of the 28th October.

[39326]

No. 157.

Mr. O'Beirne to Sir Edward Grey.—(Received October 29.)

(No. 428.)

Sir,

St. Petersburg, October 25, 1910.

I HAVE the honour to state that the “*Novoe Vremya*” publishes to-day an article, which reads as if it might have been inspired by the Ministry of Foreign Affairs, on the subject of the reply of the Persian Government to the recent note presented by His Majesty's Legation at Tehran respecting the restoration of order on the southern roads. The reply is, it says, in effect a promise to carry out the necessary measures for the restoration of order. The answer is a natural one, and it will be very satisfactory for all concerned if the Persian Government are able to fulfil their promises, but the question which involuntarily arises is, why have the Persian Government not restored order earlier if the task is as easy a one as the Persian reply would seem to imply? Taking this into consideration, it is impossible to have the slightest faith in the reply, which is not a serious one but a thoughtless document, the real value of which will be shown in the immediate future.

The article then discusses that portion of the Persian reply in which the disorders prevalent are attributed to the presence of Russian troops in Persia, to the shelter which is given from time to time by the Russian Legation to Persian agitators, and to the refuge given by Russia to Rahim Khan and Darab Mirza. This portion of the reply would be difficult to match with any other diplomatic document for absurdity and effrontery. Russian troops have been a benefit to trade and an effectual protection, notwithstanding which the Persian authorities state that the disorders in the south of Persia are due to the presence of Russian troops in the north. In conclusion the other complaints against the Russian authorities contained in the Persian reply are dealt with in detail, and the writer asks, “Who is at the head of Persia? Is it necessary to continue the fiction that the authors of this document are to be looked upon as the Government of Persia?”

I have, &c.

HUGH O'BEIRNE.

[39398]

No. 158.

Note communicated by M. de Etter, October 29, 1910.

L'ÉTAT des pourparlers actuellement poursuivis pour la conversion des dettes persanes à la Banque russe fait espérer qu'ils amèneront à un résultat satisfaisant.

Un arrangement a déjà été obtenu au sujet de plusieurs points, et des instructions complémentaires viennent d'être expédiées, par poste, à notre Ministre à Téhéran.

Le Gouvernement Impérial ne s'est pas opposé l'an dernier au projet d'établir une surtaxe douanière, uniquement dans le but de faire face aux frais que pourraient nécessiter la protection du commerce et la sauvegarde des routes méridionales de la Perse. La question d'une aide pécuniaire à accorder à la Perse n'avait, par contre, pas été envisagée à cette époque, en corrélation avec la surtaxe.

Il faut ajouter que l'introduction d'une surtaxe douanière se trouvant en contradiction avec les principes établis de la banque, le consentement du Gouvernement Impérial n'a pu être donné qu'à titre d'exception.

Le 28 octobre, 1910.

[1761]

X

[39382]

No. 159.

Messrs. Seligman Brothers to Foreign Office.—(Received October 29.)

Sir, 18, Austin Friars, London, October 28, 1910.
 WE have to acknowledge the receipt of your letter of yesterday's date.
 After your letter of the 28th July last, informing us that Sir Edward Grey would not oppose our rendering financial assistance to the Persian Government, we renewed our negotiations with them, and, although as recently as to-day we have cables from our intermediary in Tehran that the basis we proposed is acceptable to the Persian Government and that they are negotiating only with us, we prefer not to proceed further in the matter, as we understand from your letter now under reply that His Majesty's Government would be likely to regard our doing so as prejudicial to British interests.

We have, &c.
 SELIGMAN BROS.

[39404]

No. 160.

Imperial Bank of Persia to Foreign Office.—(Received October 29.)

Sir, 25, Abchurch Lane, London, October 28, 1910.
 I HAVE the honour to acknowledge the receipt of your letter, dated the 24th instant, which was received by us on the 26th instant, and my directors request me to express their acknowledgments to the Secretary of State for Foreign Affairs for the action he has taken in the matter of the proposed loan to the Persian Government.

In continuation of my letter of the 21st instant, addressed to Mr. Maxwell, I now beg to forward herewith for information translations of three telegrams received from our chief manager in Tehran.

I further send you enclosed copy of a confidential letter, dated the 4th July, 1898, addressed by Sir Thomas Sanderson to Mr. Keswick, the late chairman of the bank, with the draft of the letter which the late Marquess of Salisbury, at that time Secretary of State for Foreign Affairs, approved, and authorised to be inserted in the prospectus of the loan for 1,250,000*l.* which the bank was arranging to bring out in the month of July 1898, but which was not concluded. I also enclose a draft of the prospectus of that loan,* which was referred to in Sir Thomas Sanderson's letter of the 4th July, 1898.

Sir Thomas Jackson has requested me to send you some particulars regarding the opposition to a quotation on the London Stock Exchange for loans to Persia by the representatives of a syndicate who are in possession of a concession known as the Persian Lottery Loan Concession, signed by His Imperial Majesty Nasr-ed-Din Shah in 1889. In this connection I enclose copies of four letters exchanged, in July 1898, with the representatives of the Lottery Syndicate, and for further particulars I would refer you to despatch No. 37, dated Tehran, the 2nd March, 1898—Mr. C. Hardinge to the Marquess of Salisbury—received at the Foreign Office the 28th March, 1898.

With the knowledge of the Foreign Office, we had arranged to include in the expenses in connection with the 1,250,000*l.*, to be issued in July 1898, the sum of 50,000*l.*; 40,000*l.* of which was to be paid in cash to the representatives of the Lottery Syndicate and the balance of 10,000*l.* for interest, subject to the consent of Her Majesty's Government being obtained, as mentioned in our letter to Messrs. Wm. Bose and R. S. W. Barthropp, dated the 17th July, 1898.

I have, &c.
 G. NEWELL, Manager.

* Not printed.

Enclosure 1 in No. 160.

Telegrams communicated by the Chief Manager, Tehran, to Imperial Bank of Persia.

(1.)

Tehran, October 26.

REFERRING to your telegram of 24th instant. Expecting to receive a reply to-morrow from Persian Government. In the meantime, British Minister telegraphed situation Foreign Office, whom consult.

(2.)

Tehran, October 27.

Have no reply yet, but as Seligman Brothers' agent telegraphed "Times" that Persian Government deny opened negotiations with us, British Legation have sent full particulars Foreign Office.

(3.)

Tehran, October 27.

Reply delayed owing to impending changes Ministry, which are expected Saturday. We are assured new Ministry will confirm operations with us. We have had private information Morteza Khan Sani-ed-Dowleh will be appointed Minister of Finance. Hussein Kuli Khan leaves Ministry.

Enclosure 2 in No. 160.

Draft of Letter from Foreign Office to Imperial Bank of Persia.

Sir, Foreign Office, July , 1898.

I AM directed by the Marquess of Salisbury to acknowledge the receipt of your letter of the , enclosing copy of a contract entered into between the Persian Government and the Imperial Bank of Persia for the issue of a loan of 1,250,000*l.*, bearing 5 per cent. interest and redeemable at par by means of a cumulative sinking fund of $\frac{1}{2}$ per cent., commencing in 1899 and extending over a period of fifty years.

By the terms of the contract the Government of Persia, in addition to the general revenues of the country, have specially assigned to the service of the loan, and as a first charge thereon (subject only to the balance outstanding, and now to be converted, of the loan of 1892), all the customs dues of the ports in the Persian Gulf and the towns of Kermanshah, Shiraz, and Mohammerah, and have authorised the collection of these dues by the Imperial Bank of Persia or its agents, the bank undertaking to apply the net moneys so collected to meet the interest and sinking fund of the loan and to pay over to the Persian Government any balance that may remain.

I am to state that Her Majesty's Government will give directions that the representatives of the Imperial Bank of Persia charged with the collection of the customs revenues at the ports of Bushire, Bundar Abbas, Lingah, and Mohammerah shall be recognised and protected in the performance of their duties by Her Majesty's Legation and Consulates, and that the charge on the customs revenues specially assigned to the loan will be noted by Her Majesty's Government, who will uphold the contract as a binding engagement upon the Persian Government.

It must be clearly understood that Her Majesty's Government do not undertake any pecuniary liability.

I am, &c.

Enclosure 3 in No. 160.

Foreign Office to Mr. Keswick.

(Confidential.)

Dear Mr. Keswick,

Foreign Office, July 4, 1898.

I HAVE shown to Lord Salisbury the draft prospectus of the loan which you left with me on Saturday afternoon, and he now desires me to forward to you, in compliance with your request, a copy of the letter which he is prepared to sanction if

the terms of the contract between the Persian Government and the Imperial Bank of Persia are such as Her Majesty's Government approve, and which might, in that case, be inserted in the prospectus.

This communication is of course strictly confidential, but you are authorised to show it confidentially to the underwriters of the loan if you think necessary.

Believe me, &c.

T. H. SANDERSON.

Enclosure 4 in No. 160.

Messrs. W. Bose and R. Barthropp to Imperial Bank of Persia.

Dear Sir, Stock Exchange, London, July 9, 1898.

REFERRING to our interview of yesterday, it is understood that immediately on a quotation being obtained on the London Stock Exchange for the proposed new Persian loan you are to pay us the minimum sum of 40,000*l.* cash, and that this or such other amount as may be decided upon shall, as a natural sequence, carry with it as was agreed with your directors present, General Sir T. E. Gordon and Mr. D. McLean, a further sum for interest or otherwise.

On such payments being made to us we will hand you the concession known as the Persian Lottery Loan Concession, signed by His Imperial Majesty the Shah of Persia in July 1889.

We shall be obliged by your confirming these conditions.

Yours faithfully,

WM. BOSE.

R. S. W. BARTHROPP.

Enclosure 5 in No. 160.

Imperial Bank of Persia to Messrs. W. Bose and R. Barthropp.

Dear Sirs, 25, Abchurch Lane, London, July 13, 1898.

YOUR letter of the 9th instant is not quite in accordance with the arrangements proposed by our directors, General Sir Thomas Gordon and Mr. McLean.

The arrangements as now understood is that on the successful issue by this bank of the proposed 5 per cent. loan of 1,250,000*l.* for the Persian Government, and on a quotation being obtained for such a loan on the London Stock Exchange, this bank will pay you the sum of 40,000*l.* upon your delivering to us the so-called Persian Lottery Loan Concession signed by His Imperial Majesty the Shah in July 1889.

It is further agreed that if Her Majesty's Government consent to our so doing, we will, subject to above, pay you the further sum of 10,000*l.*

We shall be obliged by your confirmation of this.

Yours faithfully,

G. NEWELL, Secretary.

Enclosure 6 in No. 160.

Messrs. W. Bose and R. Barthropp to Imperial Bank of Persia.

Dear Sir, 2, Copthall Buildings, Throgmorton Street,
London, July 14, 1898.

WE have no objection to the terms as set out in your letter of yesterday's date, with the addition that the successful issue includes the underwriting of the loan or any part of it.

You will, of course, as already agreed upon, use your best endeavours with Her Majesty's Government to obtain their consent.

Yours faithfully,

WM. BOSE.

R. S. W. BARTHROPP.

Enclosure 7 in No. 160.

Imperial Bank of Persia to Messrs. W. Bose and R. Barthropp.

(Private.)

Dear Sirs,

25, Abchurch Lane, London, July 29, 1898.

I REGRET to inform you that for the present the bank's negotiations to raise a loan for the Persian Government are unsuccessful. In this connection we have this morning received from our chief manager in Tehran the following telegram:—

"Expect a refusal; decision is attributable to Court intrigue and jealousy. We believe Government will yield later on."

Yours faithfully,

G. NEWELL, Manager.

[39412]

No. 161.

Imperial Bank of Persia to Foreign Office.—(Received October 29.)

Sir,

25, Abchurch Lane, London, October 29, 1910.

WITH reference to my letter of yesterday's date, I am requested to enquire whether it would be agreeable to His Majesty's Government to amalgamate the loan made to the Persian Government in terms of the convention of 1903-4 with the proposed issue now under consideration, and take bonds for the amount, provided the first drawings in connection with the proposed loan will not commence for ten years.

I have, &c.

G. NEWELL, Manager.

[39431]

No. 162.

Sir G. Barclay to Sir Edward Grey.—(Received October 29.)

(No. 432.)

(Telegraphic.) R.

Tehran, October 29, 1910.

FOR some time past Bushire-Shiraz post route has been practically closed to caravan traffic, but it is now in a state of unprecedented disorder.

[?] Telegraph director has to-day called to inform me that Indo-European departmental line has been extensively wrecked by Kashgai tribesmen in neighbourhood of Dastarghu. Insulators have been smashed wholesale, wires cut, and section of wire carried off. Line is totally interrupted, and an inspector is trying to restore communication, but, owing to chaos prevailing, director is endeavouring to recall him, and has been compelled to forbid any officer to proceed on [?] interrupt[ed] duty.

[39382]

No. 163.

Sir Edward Grey to Sir G. Barclay.

(No. 317.)

(Telegraphic.) P.

Foreign Office, October 29, 1910.

SELIGMAN loan.

The following has been repeated to St. Petersburg, No. 655:—

"A reply has been received from Seligman's to the effect that they will not proceed further in the matter as their action might be regarded by His Majesty's Government as prejudicial to British interests."

Reference is to my telegram No. 311 of the 26th October.

[1761]

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[39432]

No. 164.

Sir G. Barclay to Sir Edward Grey.—(Received October 30.)

(No. 433.)

(Telegraphic.) P.

Tehran, October 30, 1910.

SOUTHERN roads.

Please refer to my telegrams Nos. 428 and 430 of the 27th and 28th October respectively.

If Hussein Kuli Khan remains in office I have good reason to think that my proposed note will call forth a renewed request for the surcharge accompanied by an assurance that the Persian Government will invite foreign officers to organise a force for the patrolling of the Bushire-Ispahan route.

Provided that these officers were chosen from among the nationals of a minor Power, and that the handling of the surcharge were left in their hands, I submit that such a proposal might be accepted. It would, of course, be necessary to obtain the consent of the Russian Government to the surcharge under the new conditions which would be thus brought about.

A most salutary impression has been produced on the Persian Government by our note of the 14th October, and I am convinced that they will make every endeavour to effect improvement before the time expires.

Question of appointment of the Zil-es-Sultan to the governorship of Fars has been mooted. M. Poklewski and I have informed his sons that this appointment would be welcome to us.

[39433]

No. 165.

Sir G. Barclay to Sir Edward Grey.—(Received October 30.)

(No. 434.)

(Telegraphic.) R.

Tehran, October 30, 1910.

MY telegram No. 429 of 28th October.

Force landed at Lingah is 160 men and four guns.

I have informed Russian Minister and am informing Persian Government.

[39450]

No. 166.

Sir G. Barclay to Sir Edward Grey.—(Received October 30.)

(No. 435.)

(Telegraphic.) *En clair.**Tehran, October 30, 1910.*

FOLLOWING changes in Cabinet made to-day :—

Ain-ed-Dowleh, Interior; Farman Farma, War; Sani-ed-Dowleh, Finance; Mohteshem-es-Sultaneh, Justice. Hussein Kuli Khan remains Minister Foreign Affairs.

[39658]

No. 167.

Sir G. Barclay to Sir Edward Grey.—(Received October 30.)

(No. 436.)

(Telegraphic.) P.

Tehran, October 30, 1910.

SITUATION in the south.

His Majesty's consul-general at Bushire telegraphs as follows :—

"I venture to urge the extreme gravity of actual situation in southern Persia, of which I beg to submit a summary.

"Central Government has ceased altogether to control Persian Baluchistan generally. In the last week a raid of Dashtiari tribesmen was expected at Charbar. Presence of one detachment alone deterred the raiders. It is reported that a descent was made last week on the village of one Mir of Biaban, who has been co-operating with us, and the Mir himself assassinated. I have dispatched a special messenger to learn the truth of this rumour. Persian authorities have made no attempt to rearrest Mir Barkat, who escaped in August last.

"I have the honour to refer you to my telegram of the 11th October, with regard to the situation at Bunder Abbas. Early in the month a band of robbers, some 500 strong, from the direction of Lar, descended on the district and terrorised several caravans and villages, approaching to within a short distance of our old consulate and quarantine station. No opposition was offered to them by local authorities. They were not followed, and none of the loot has been recovered. British goods to the value of half a lak of rupees are among the stolen property.

"The position at Lingah is known to you.

"I have not telegraphed with regard to Bushire and neighbourhood, as the situation has not been sufficiently anxious to warrant my troubling you, but the Tangistanis are restless, and indisputable proof has reached me in the last few days that Soulet-ed-Dowleh is trying to persuade certain of their leaders to interfere on his behalf in the Bushire Government. They have doubtless been persuaded that Soulet has been given some interest or promise of Bushire appointment by Fars Government.

"His Majesty's acting consul at Shiraz reports that the Kashgai chief is fomenting disorders in the province and in the town.

"Baluchis are expected to attack Nareneshir in the Kerman district.

"I have already reported that Bushire-Tehran mails have been diverted by Persian postal authorities to Bagdad and Ahwaz routes.

"You are aware that the line staff of the Indo-European telegraph department in the south, if they can go out at all to repair faults, can do so only at great risk.

"It is impossible to contemplate with equanimity three months more of such lively anarchy, and I believe in any case that the force suggested for the patrolling of the Bushire-Ispahan route, viz., 1,000 to 1,200 men will no longer be sufficient. It is certain, however, that the difficulty and expense of any measures we may undertake will increase in ratio to the delay that elapses."

I postpone till to-morrow comments on above.

[39434]

No. 168.

Sir G. Barclay to Sir Edward Grey.—(Received October 30.)

(No. 437.)

(Telegraphic.) R.

Tehran, October 30, 1910.

MY telegram No. 417.

Russian Minister is instructed to inform Persian Government that reference in their note to presence of foreign troops in Persia is irrelevant, and Russia must therefore look upon their answer to my note as provocative.

Russian Government will therefore be compelled to change its benevolent attitude towards Persia, and to apply such measures as they may consider necessary to safeguard interests of Russia.

St. Petersburg informed.

[39435]

No. 169.

Sir G. Barclay to Sir Edward Grey.—(Received October 30.)

(No. 438.)

(Telegraphic.) P.

Tehran, October 30, 1910.

SITUATION at Shiraz.

I have received information from His Majesty's acting consul at Shiraz to the effect that a serious riot, in which Government troops as well as Kashgais joined, took place in that town to-day. Mr. Smart reports that the disturbance was instigated by Soulet-ed-Dowleh, whose tribesmen surround Shiraz, and are entering the town. Government house was invaded by rioters, who also sacked the Jewish quarter of the city.

I have addressed a note to Persian Government, holding them responsible for harm to British lives and property, and I have advised Hussein Kuli Khan privately to take certain measures for restoration of order recommended by His Majesty's acting consul.

[39436]

No. 170.

Mr. O'Beirne to Sir Edward Grey.—(Received October 30.)

(No. 292.)

(Telegraphic.) P.

St. Petersburg, October 30, 1910.

M. SAZONOW spoke to me yesterday on the subject of the Russian troops at Kazvin, and stated that he desired to correct a misunderstanding. He gathered that His Majesty's Government were under the impression that the Imperial Government had only attached two conditions to the withdrawal of the troops, but there had always been a third condition, namely, the remedy of certain grievances in connection with the Cossack brigade. He thought that a certain strengthening of the force was included in this demand.

In reply to my enquiry as to whether it was correct that there was a disposition on the part of the Persian Government to accept the Russian conditions, M. Sazonow said that he had received a report from the Russian Minister to the effect that the Persian Government had addressed to him a communication which was of a "slightly" more encouraging tone, but still not satisfactory.

[39426]

No. 171.

Sir G. Lowther to Sir Edward Grey.—(Received October 30.)

(No. 239.)

(Telegraphic.) P.

Constantinople, October 30, 1910.

TURCO-PERSIAN frontier.

I have received following telegram from His Majesty's consul at Erzeroum:—

"An unsuccessful attack was made, over a fortnight ago, by the Sardar of Maku upon the barracks that have been recently erected at Bulak Bashi, on the ground that the place was in Persian territory. Instructions have been sent to the vali directing him to maintain Turkish claims, and a note has been sent in to the Persian consulate-general at Erzeroum, stating that any aggressions on Turkish territory will be forcibly opposed."

[39579]

No. 172.

Consul-General Howard to Sir Edward Grey.—(Received October 31.)

(No. 68.)

Sir,

Budapest, October 21, 1910.

I HAVE the honour to forward herewith summary of an article in the "Pester Lloyd" of the 19th instant, relating to the British note recently presented to the Persian Government.

There can be little doubt that this article emanates from the Vienna Press Bureau, and as such is worthy of some attention. The writer falls into the error based on too hasty assumptions that the note inevitably prepares the way for the occupation and division of Persia by Great Britain and Russia. It is not, perhaps, surprising that the Vienna writer should do so, seeing that, according to telegrams in the press here, certain papers in England have at once jumped to the same conclusion, though, so far as I am aware, the "Times" has not, as stated in this article, "declared with praiseworthy frankness that the partition of Persia is the inevitable condition for granting a loan to that country."

Be this statement true or not, the interesting part of the article lies in the fact that the writer infers that Russia and Great Britain are agreed to occupy and divide Persia, and that this policy formed part of the Anglo-Russian *entente* from its inception, that it is merely the opposition of Persian patriots struggling to be free which has, so to speak, forced the pace of the two Governments in the matter, that the Berlin Cabinet, despite its hitherto calm and moderate attitude, will be forced by public opinion in Germany to interfere to protect German interests, and lastly that this policy, aiming at the partition of Persia by Great Britain and Russia, will greatly damage Turkish prestige, on account of the blow it will inflict on Islam, and that the Young Turks will now really be convinced that Triple *Entente* Powers are their enemies. It means for the Young Turks, so says the writer, but "another painful experience that

[39437]

No. 170*.

Mr. O'Beirne to Sir Edward Grey.—(Received October 30.)

(No. 293.)

(Telegraphic.) P.

St. Petersburg, October 30, 1910.

IMPERIAL meeting at Potsdam.

M. Sazonow yesterday spoke to me further on the subject of the approaching negotiations.

He observed that as there was no financial possibility of constructing railways in Northern Persia for years to come, the discussion respecting these railways would be in a sense academic.

Should the German negotiators touch on the question of the neutral zone, he would state that he was not prepared to discuss it without consulting His Majesty's Government. In connection with the Russian sphere he would not mention England (though in this respect also he recognised his obligations to His Majesty's Government), as he feared that to do so would render the Germans ill-disposed to negotiate. He repeated, however, that he would refuse to conclude any arrangement in regard to this sphere until after his return to St. Petersburg.

His Excellency said that in addition to his demands in regard to concessions, he was going to ask Germany to agree not to build any branch of the Bagdad Railway connecting with the Persian system at a point north of Khanikin; he remarked that Germany was legally entitled to apply for concessions, and stated that his fear was that on his side he had very little to offer in return for asking the Germans to refrain from making such applications.

He could offer to undertake that Khanikin should be the point of junction of the Bagdad and Persian Railways systems, and he was also ready to agree to German participation in the supply of material for future railways in Northern Persia (he was prepared to concede this even up to 30 per cent.), but this, he said, hardly seemed sufficient as a *quid pro quo*. He doubted if Germany would adhere to the attitude which she had adopted when she intimated that she had no intention of seeking concessions embarrassing to Russia and England.

I made the suggestion to M. Sazonow that he could remind the German Government that Great Britain and Russia possessed exclusive political interests in Persia, and that these interests had always been recognised. The Persian Government had been publicly warned by the two Powers that they could not permit certain concessions to be granted, and there had been a practical acquiescence in the principle thus laid down on the part of Germany and other Powers.

There was no allusion, in the course of our conversation, to the possibility of Germany requesting the definite assent of the Russian Government to the Bagdad Railway scheme. I learn, however, from the French Ambassador, that M. Sazonow has intimated to him that he will avoid committing himself in regard to that question.

[1761]

Y*

would strengthen them in the conviction as to the little real value they can place on the assurances, so often pathetically repeated, of benevolence on the part of the Triple *Entente*." It is not the first time that I have had the honour to point out that the "Pester Lloyd" is being made use of to guide the affections of Young Turkey in the direction desired by the Cabinets of Berlin and Vienna.

I have, &c.

ESME HOWARD.

Enclosure in No. 172.

Summary of an article in the "Pester Lloyd" of October 19, 1910.

THE writer states that the "Times" has declared with praiseworthy frankness that the partition of Persia is the inevitable condition for the granting a loan to that country, the peaceful development of which was to have been secured by the treaty of the 31st August, 1907. The organ of the city, he continues, proceeds to sketch out the programme for Anglo-Russian intervention. The British Government, according to this paraphrase of the "Times" article, has been regretfully forced to military action on account of the prolonged disorders in South Persia, and the harmony between the two Powers could only be maintained if Russia followed the British example.

Continuing to write, presumably on his own inspiration and not quoting the "Times," the author of the article goes on, "the treaty of 1907 was the documentary preparation for an Anglo-Russian occupation, although this was obstinately denied up to quite recently." If Persia had shown herself a little more subservient to Anglo-Russian demands, Persian independence might have been allowed to subsist for a short time longer. But as the Persian patriots made use of every single opportunity to fight against a scarcely disguised protectorate, they have lost, in the opinion of their oppressors ("Verdränger") every right to consideration. It is always possible that the London and St. Petersburg Cabinets might have been glad to put off action a little longer, but the fear of surprises brought about by the opposition of the Persian Government has caused them to act with speed. In Tehran hopes were entertained of the intervention of some third party, and the opportunities for such intervention as regards both the loan question and other matters had been often pointed out. It is possible, says the article, that anxiety is felt in London and St. Petersburg that these efforts might some day be crowned with success, whereby the guardianship of Persia would be seriously endangered. Perhaps it is also thought in those cities that complications with other Powers are most easily avoided by establishing a *fait accompli*.

Last summer, when there was much irritation in Berlin over the Anglo-Russian treatment of the loan question, which irritation was increased by an insolent article in the "Novoe Vremya," the "Rossia" poured oil on the troubled waters. German optimists then believed that England and Russia aimed at loyal co-operation with Germany which would give reasonable satisfaction to German interests. Sceptics, however, warned them that this attempt at conciliation on the part of the "Rossia" was no more than by-play. Now both these two camps will no doubt demand that the Imperial Government should take energetic action. The moderation of German statesmen will certainly prevent them from being hurried into action by the pressure of public opinion; but it is undeniable that the Cabinet of Berlin stands face to face with a new and serious situation, if the threats of England and Russia are carried out. It has hitherto always recognised that England and Russia have a privileged political position in Persia, but it would not allow Germany to be cut off from the economic exploitation ("Exploitation") of Persia. A guarantee that she would not be so cut off, would be hardly obtainable after a division of Persia had actually taken place. It is precisely the moderation and coolness with which the development of events in Persia has been treated up to now at Berlin, which justify the assumption that strong measures of intervention will be taken there if the German sphere of interest, which, for the sake of dear peace, has been rather narrowly circumscribed, appears to be threatened.

The interest of Turkey would also be threatened in more than one direction by a division of Persia. The Young Turk Government has enforced by military measures its claim to consideration as a neighbouring Power, and they would lose in prestige, if a foreign yoke were imposed on Persia without any protection of those rights.

Mohammedan solidarity is a pillar of support for the Young Turks as regards both their nationality and their future policy. For this reason alone they are bound to consider the subjugation of Persia by England and Russia as an attack on their prestige in the Mussulman world. Another painful experience would strengthen them in the conviction as to the little real value they can place on the assurances—so often pathetically repeated—of benevolence on the part of the Triple *Entente*.

The realisation of the plans of England and Russia is likely to start active unrest both in the Near and the Far East and to make antagonisms, which are already acute enough, still more acute. We can for the present only await the further development of events with anxiety and fear.

[39583]

No. 173.

Consul-General Howard to Sir Edward Grey.—(Received October 31.)

(No. 72. Very Confidential.)

Sir,

Budapest, October 24, 1910.

WITH reference to my despatch No. 68 of the 21st October enclosing summary of an article which appeared in the "Pester Lloyd" of the 19th instant relative to the recent British note to Persia, I have the honour to forward herewith translation of another article on the same subject which appeared in the "Lloyd" of the 22nd instant.

The first article, as I suspected, was written in the Vienna Press Bureau, and in view of the relations of the "Lloyd" to the "Ballplatz" editorial staff, felt obliged to publish it. At the same time, however, the "Lloyd" correspondent at Berlin, who is also head of the Wolff agency there, and, as such, in close touch with the Berlin Press Bureau, was asked to send a report on the views of the German Foreign Office. The article, of which a translation is forwarded herewith, was the result. It will be noticed that the writer's attitude in regard to the Persian question is much saner and less warped by prejudice than that of the writer in Vienna, who, for some odd reason, seems to bear a special grudge against Great Britain besides displaying extraordinary ignorance of British policy. While the "Ballplatz" declares it probable that the German Government will shortly be compelled to take serious measures to safeguard German interests, the "Wilhelmstrasse" announces "It is not to be thought of that any change will be made in the present political attitude of the German Cabinet with respect to Persian affairs." The amusing sequel to all this is that, as I have been confidentially informed, the "Hofrath" in Vienna, who is responsible for the first article, was so much incensed on reading the second—which directly contradicted his own—that he at once threatened to cease altogether writing for the "Lloyd." A special mission to Vienna was required to mollify him.

The comment of the Berlin writer respecting the action of Turkey in Persia is perhaps the most interesting part of his article. It would seem to suggest that Turkey need not be irritated on account of the action of England and Russia, since she also is engaged in safeguarding her own interests in Persia by military measures. The statement that Turkey has associated herself ("sich zugesellt") with the other two interested Powers—Russia and England—in taking such measures comes strangely from one who must be aware that they have protested on behalf of Persia against the action of Turkey. Can it be that German advice to Turkey will be to the effect that she should not raise violent objections to British measures for pacifying Southern Persia, but rather justify her own occupation of Persian territory by adducing similar reasons for it, which reasons it will be difficult for Russia and England to dispute?

The "Neues Pester Journal" of the 22nd instant has an article on the lines one might expect from that paper, which always takes its cue in foreign affairs from certain Anglophobe German papers. According to it Persia has been freed by some simple peasant patriots, who exchanged the plough for the sword and set up a constitution after the pattern of civilised States. Persia might therefore be happy if she had not to deal with certain hard-hearted creditors who pretend to be her friends. The regeneration of Persia is as unwelcome to these as was the regeneration of Turkey, since it makes it impossible for them to carry out their secret programme arranged at Reval for the partition of the East. I need not trouble you with more of this nonsense.

I have, &c.
ESME HOWARD.

Enclosure in No. 173.

Extract from the "Pester Lloyd" of October 22, 1910.

(Translation.)

REPORTS in the London papers, particularly in the "Times," respecting the English note to Persia and impending English intervention, are much exaggerated, especially as regards an imminent division of Persia between England and Russia, as may be perceived from more trustworthy information. It does not at any rate appear as if anything of the kind had been planned, and we may take this to be so, as the Governments of the two parties concerned have given such exact and explicit declarations on this subject that they cannot be doubted. On the other hand all the world knows that during the last two years the state of constant unrest in the empire of the Shah, owing to the weakness of the Government, which was unable to keep order, has caused continual injury to the economic relations between Persia and the other nations in general. Under these circumstances the question naturally arises as to what should be done to put an end to such a disagreeable state of affairs.

Russia has already managed to some extent by means of her Cossacks to keep the bands of robbers in check, so that the commerce from Northern Persia to Tehran has not been completely stopped, and the trade which the Russian merchants do with Persia has not been lost. Reports of this state of affairs have naturally reached England, and it can be easily understood that the English Government also felt the necessity of introducing similar preventative measures in the south of Persia, with the object of producing the same effect on their trade there. It is not necessary on this account that the melon should at once be divided into two parts. It appears that the English purpose lies rather in the alternative policies of either inducing the Persian Government to organise a disciplined body of police to keep order in the districts to the south of Ispahan, or of providing a number of Indian instructors to take over the task to which the Persian Government, oppressed as it is at this moment with other serious cares, would not perhaps alone be equal. If, by such measures, it is possible to attain a lasting settlement, this would be in the interests of those other European nations also, which are commercially connected with Persia, honestly to welcome such a settlement. There is no reason to mistrust the reports concerning these arrangements.

It may be noted that Turkey has during this last year associated herself more and more ("sich zugesellt") with the other two interested Powers. She has a dispute with Persia respecting sovereign rights over different places lying on the north-western border of that country. The Turks are the stronger and have taken necessary measures with the military force required. It appears that during the last weeks they have taken further military steps which are described in Constantinople as provisional measures for the protection of their consular representatives. Reports respecting these steps reached Paris and London at the same time as the latest information as to the exchange of notes, and we have to-day before us comments issuing from Paris, to the effect that Turkey in her actions had been guided by German advice given with a view to complicate the situation.

In regards to such childish insinuations we here have kept extraordinarily cool. Surely Turkey is free within the limits of international obligations to make such provisions as she thinks necessary in her own interests. The present Turkish Government is not of a kind to wait for foreign suggestions. Surely also as much laughter will be raised in Constantinople as here in Berlin over the ignorance of the "Écho de Paris," which makes itself the mouth-piece of a ridiculous attack on the State Secretary, M. Kinderlen-Wächter. In the opinion of people here there are no grounds for fear that serious developments will result from this Turkish or English action. As far as Germany is concerned it is not to be thought of, that any change will be made in the present political attitude of the German Cabinet with respect to Persian affairs.

[39472]

No. 174.

Sir G. Lowther to Sir Edward Grey.—(Received October 31.)

(No. 777.)

Sir,

Constantinople, October 26, 1910.

IN my telegram No. 231 of the 24th October, I had the honour to report on the anti-British outbreak produced in Young Turkey circles by the first distorted accounts of the action contemplated by His Majesty's Government to ensure the safety of the Bushire-Ispahan road. The native press, headed by the "Jeune Turc," began to declaim against this betrayal by Russia and England of an Islamic country, and on the 23rd instant the local Persians, supported by the Mujtehid of Nejf, Sheikh Escadollah, and some prominent Young Turks, organised in a local theatre a meeting of protest, at which some violent anti-British and anti-Triple Entente oratory was indulged in, and it was decided to send a telegram to the German Emperor to come to the aid of Persia and Islam on the lines of His Majesty's intervention in Morocco. Under the state of siege no meeting can be held in the capital without the sanction of the authorities, and the present demonstration was arranged with the help of the Pan-Islamic and Pan-Asiatic wing of the Committee. Some of the most uncompromising exponents of these doctrines were on the platform, and in their utterances completely ignored the principle of "Ottomanism." Speeches were delivered by Naji Bey, one of the three official representatives of the Committee, and by a prominent Committee deputy, Obeidullah Effendi, who has travelled in France, England, and America, and speaks English, but has recently been converted to the Pan-Asiatic cause. His contribution was the most violent and the most successful of the evening. Speaking of "the Christian civilisation of the twentieth century so much vaunted by Westerns," he declared that he had visited and studied western countries and found that they had lapsed from and neglected or despised the teachings of Christ; that their civilisation was but the resultant decadence, and that in arrogating the right to style the present age "the twentieth century" they forgot that for the Moslem world it was only the fourteenth century (1328 A.H.), and that Moslems had not yet become degenerate. He proved, apparently to his own satisfaction and to that of the House, which was crowded, that Russia, France, and England had profited most by the temporary lethargy of Islam, had absorbed or controlled the greater part of the lands of Islam, and were the insidious enemies of the Moslem States which still exist, while Germany, Austria, and Italy were practically innocent of encroachment on Islam. He stated that certain foreigners decried Germany and her enterprises in Turkey, e.g., the Bagdad Railway, but that an impartial analysis of these people's criticisms would show that they were actuated purely by bias and jealousy of Germany, and were endeavouring to exploit the ignorant credulity of Turks, whereas German enterprises were more thoroughly and efficiently run than those of their rival foreigners. Germany, he said, was the predominant partner in the Triple Alliance, and her Emperor had championed the cause of downtrodden Moslems. Hence he proposed the telegraphic appeal, from which it is hoped more tangible results will be forthcoming than on the occasion of the Emperor's appearance at Tangier, and his speech at Saladin's tomb at Damascus at the moment when Turkish troops were expelled from Crete. It remains to be seen how His Majesty will acknowledge this flattering appeal to his chivalrous instincts. It is not impossible that the Germans may secretly urge the Turks to make a counter-demonstration by sending more troops to Kermanshah or Saoujbulak, or by offering to police the Khanikin-Kermanshah road. It was noticed that numbers of Turkish officers attended the meeting, and were loudest in their applause of Germany. The Minister of the Interior and other prominent Young Turks have privately expressed their disapproval of the proceedings, and the Minister for Foreign Affairs spoke to me apologetically about it, but, under a Government such as Turkey now enjoys, the moderate and thinking elements are frequently at a discount. When pro-British and pro-French demonstrations took place in July 1908, some shrewd observers remarked that if the German-trained military and the Chauvinist elements got the upper hand, the Cretan question, &c., would in a not distant future be easily exploited to bring about a revulsion in favour of Germany and Austria. The recent events in Persia and the soreness felt at the failure to raise the loan in France have accentuated this result. If we are able to give the Turks some satisfaction in Crete on the lines set forth in my despatch No. 722 of the 11th October, and the Austro-German banks fail to give Turkey the financial assistance she expects now and in the not distant future, the apparent popularity of the Central European Powers may not be very long-lived.

I have had the correct version of the Bushire-Ispahan road circulated in the press and otherwise, and already there are signs of a subsidence in the anti-British hysterical outburst, while the loan failure has caused many secret misgivings and sobered searchings of heart. The bulk of public opinion and feeling are distressed at the rupture with France and at any anti-British demonstration, while being averse to "travailler pour le Roi de Prusse," but it is a moot question whether, under the new régime and its state of siege, the sentiments of the majority count more than under the old rule of Yildiz.

I have, &c.

GERARD LOWTHER.

[39560]

No. 175.

Sir G. Barclay to Sir Edward Grey.—(Received October 31.)

(No. 439.)

(Telegraphic.) Decode.

Tehran, October 31, 1910.

MY telegram No. 435 of 30th October.

Prime Minister and Minister [of] Telegraphs retain posts.

[39659]

No. 176.

Sir G. Barclay to Sir Edward Grey.—(Received October 31.)

(No. 440.)

(Telegraphic.) P.

Tehran, October 31, 1910.

SITUATION in south.

In amplification of my telegram No. 436 of the 30th October I have the honour to state that Mir Barkat, referred to in my above-mentioned telegram, is the principal Baluchi khan who renders assistance to the Afghan arms caravans in the district round Jask. Some time ago it was decided at our instigation that the individual should be detained at Bushire, but he was permitted to elude his guards. I have urged the Persian Government to take steps for his rearrest, but in the meantime he has contrived to return to Biaban, his native district. At the suggestion of His Majesty's consul-general at Bushire, I have authorised a raid against him if necessary from His Majesty's ships in the Persian Gulf.

With reference to the threatened Baluchi descent upon Narmeshir, in addition to warning Persian Government, I have instructed His Majesty's consular officers at Kerman and Seistan to transmit a message to the Baluchi chiefs similar to that conveyed last year (please refer to your telegram No. 369), but I fear that the raiders have already started.

[39661]

No. 177.

Sir G. Barclay to Sir Edward Grey.—(Received October 31.)

(No. 441.)

(Telegraphic.) P.

Tehran, October 31, 1910.

SELIGMAN and Imperial Bank of Persia.

I have received a letter from Mr. Moore giving expression to his indignation at the manner in which Seligman Bros. have been discouraged by the Foreign Office. It is evident that he intends to do his best to create trouble. In writing to me he speaks of "the allegations made by the Foreign Office as to fictitious negotiations with the Imperial Bank of Persia."

In reply I have confined myself merely to taking special exception to this statement, to refusing to discuss the matter with him, and to pointing out that I have done nothing to hamper his negotiations with the Persian Government.

[39668]

No. 178.

Sir G. Barclay to Sir Edward Grey.—(Received October 31.)

(No. 442.)

(Telegraphic.) P.

Tehran, October 31, 1910.

SITUATION in Southern Persia.

I venture to point out with reference to my telegrams No. 436 and 440 dated the 30th and 31st October respectively, that the disorders reported by Lieutenant-Colonel Cox, taken generally, testify indeed to a very grave situation in the south of Persia, but, considered separately, they do not differ except in degree from the disturbances which for many months past have prevailed in the south.

Except in so far as they react on the condition of the trade routes and expose British subjects to the chance of danger, I am of opinion that these disorders do not directly affect British interests. Hitherto experience has shown that British subjects run little risk from robber raids. His Majesty's ships are at hand to protect many of them. Furthermore, it is no new thing for the trade routes to be impassable, and though the future may show that our scheme of road-guards is insufficient, I submit that it is at all events worth a trial on the Bushire-Ispahan road before recourse is had to intervention for the general re-establishment of order in the south of Persia, which would necessitate the dispatch of a large expedition, involving great expense, and must have the most far reaching consequences besides.

Disorders are not wanting in her sphere to afford Russia an unassailable pretext for following our lead. Kashan, Mazanderan, the Shahsevan district, Karachidagh, not to mention the neighbourhood of Burujird, are all in the hands of the enemies of public order, and save for the fear of Turkey backed by Germany there would be no reason to suppose that Russia, if she had our example, would refrain from intervention on a large scale in Northern Persia.

The Government's weakness proceeds from lack of money. For weeks there has been no Governor-General of Fars because the Government are without the funds to equip properly and dispatch the Governor-General designate to Shiraz. I submit that we ought at least to see what the Government can do with money before having recourse to the perilous experiment of intervention on a large scale. It is to be hoped that financial aid will soon be extended to the Persian Government.

[39755]

No. 179.

Pro-memoriâ communicated by M. de Etter, October 31, 1910 (Extrait d'un Têlêgramme de M. Sazonow à M. Poklewski, en date du 16 (29) octobre).

LA réponse motivée du Gouvernement persan à la note anglaise est illogique en substance et extrêmement incorrecte envers nous. Elle démontre une fois de plus l'hostilité systématique du Cabinet actuel à l'égard de la Russie et son intention d'agir à tout prix à l'encontre de ses intérêts.

En portant ce qui précède à la connaissance du Gouvernement du Schah vous ajouterez que le Gouvernement Impérial envisage la note remise à Sir George Barclay comme une nouvelle provocation adressée à la Russie, et qu'il se verra sans doute obligé de se départir de son attitude bien intentionnée vis-à-vis de la Perse pour recourir à des mesures qui lui sembleront aptes à défendre les intérêts menacés de l'Empire.

Pareille communication a été faite au Ministre de Perse à Saint-Petersbourg.

*Ambassade Impériale de Russie, Londres,
le 18 (31) octobre, 1910.*

[39667]

No. 180.

Sir G. Lowther to Sir Edward Grey.—(Received October 31.)

(No. 240.)

(Telegraphic.) P.

Constantinople, October 31, 1910.

TURCO-PERSIAN frontier.

With reference to Sir G. Barclay's telegram No. 427 of the 27th October.

I have made enquiries with regard to the reported incident at Kotur, but neither

the Persian chargé d'affaires, the Minister of the Interior, the Minister for Foreign Affairs, nor the British consul at Erzeroum have heard anything about it. It appears that the Ottoman Ambassador at Tehran lodged a complaint about an incident that occurred at Kotalan, near Solduz. The Minister for Foreign Affairs denied to the Persian chargé d'affaires here that the Ambassador in Tehran had received any instructions from him.

[37457]

No. 181.

Sir Edward Grey to Mr. O'Beirne.

(No. 292.)

Sir,

Foreign Office, October 31, 1910.

YOU are perhaps aware that the Persian Transport Company hold a concession for the construction of roads in Persia from Ahwaz to Tehran, with branches from Burujird to Ispahan, and from Kum to Ispahan. The text of the concession will be found in the Persia and Arabia Confidential Print, vol. 9, page 239, and it is supplemented by the document handed to Mr. Lynch on the 24th August, 1902, and printed in vol. 11 of the same series, p. 28. From these papers you will see that unless the roads contemplated in the concession are completed by the 24th August, 1912, the rights of the company to construct them shall lapse.

For convenience of reference I transmit to you copies of correspondence which has passed with the company and with His Majesty's Minister at Tehran,* from which it will be seen that certain portions of the roads for which concessions are held, and which lie within the Russian sphere of influence as defined by the agreement of 1907, have not been constructed yet owing to the unsettled state of the country and to the inability of the Persian Government to afford the company's officers the protection to which under the article 3 of their concession they have an indisputable claim.

As the delay in fulfilling the terms of the concession has been due to *force majeure*, His Majesty's Government are prepared at the proper moment to support any application which the company may make to the Persian Government for a prolongation of the period within which they may construct these roads. But as a part of the roads still uncompleted lies within the Russian sphere, they are unwilling to take this action without first consulting the Russian Government.

I have to request you to explain these circumstances to the Russian Government, and to enquire whether they have any objection to His Majesty's Government addressing the Persian Government with a view to obtaining an extension by ten years of the period within which the Persian Transport Company may construct the roads enumerated in their concession.

I am, &c.
E. GREY.

[38427]

No. 182.

Sir Edward Grey to M. van der Goes.

Sir,

Foreign Office, October 31, 1910.

I HAVE the honour to acknowledge the receipt of your note of the 21st instant regarding the proposed irrigation works on the Karun River, and I have no hesitation in stating that His Majesty's Government will take no action in this matter prejudicial to legitimate Netherlands interests until the Netherlands Government shall have had time to consider the note addressed to Baron Gericke by Mr. Mallet on the 18th August.

I have, &c.
E. GREY.

* To Mr. Marling, No. 114, July 11; Persian Transport Company, September 12; to Sir G. Barclay (Telegraphic), No. 276, September 21; Sir G. Barclay (Telegraphic), No. 378, September 24; ditto, No. 172, September 8; to Persian Transport Company, October 5; ditto, October 6; Persian Transport Company, October 14, 1910.

[38773]

No. 183.

Foreign Office to India Office.

Sir,

Foreign Office, October 31, 1910.

VISCOUNT MORLEY is aware from the printed papers transmitted from this department that the Persian Government on the 10th instant invited Messrs. Seligman Brothers, of London, to contract for a loan to them of 1,200,000*l.*, to be secured on the southern customs of Persia, and the proceeds to be devoted in the first place to paying off the debts owing to the Imperial Bank of Persia.

Subsequently, on the 20th instant, the Persian Government approached the Imperial Bank of Persia with the same object; and as it appeared to Secretary Sir E. Grey that a successful outcome of Messrs. Seligman Brothers' negotiations might be detrimental to the interests of the Imperial Bank and of His Majesty's Government, he has caused the firm to be informed that, pending the negotiations now proceeding between the Persian Government and the bank, he is unable to proceed further towards a consideration of their proposals.

I am directed by the Secretary of State to inform you that he has now received from the Imperial Bank of Persia, for consideration, the enclosed draft contract and prospectus in regard to the proposed loan.* It is understood that the price of issue would be about 85*l.* per bond of 100*l.*, at which price the actual sum realised would be about 1,072,500*l.* Taking the debts to the Imperial Bank of Persia under the amalgamation scheme as 660,000*l.*, and the debts not comprised under that scheme, but on the immediate liquidation of which the bank would insist, as 34,000*l.*, there would remain a surplus for the general purposes of the Persian Government of about 368,000*l.* It is, however, believed that the London Stock Exchange would admit no Persian bonds to quotation unless the Persian Government first satisfied the claimants concerned in the Persian lottery case of 1889. This would involve a further sum of 40,000*l.*

To turn to the actual terms of the draft contract and prospectus, Sir E. Grey thinks that there are several points in these documents which will require careful consideration.

It is proposed that the loan should be issued both in London and Paris. Sir E. Grey is inclined to doubt the advisability of the issue in Paris or anywhere else outside Great Britain, but he understands that the bank consider that the issue of so small a loan as that contemplated would hardly require the assistance of the Paris market; and it is therefore possible that they may be ready to waive this point.

The suggestion contained in paragraph 4 (a) of the draft contract that the Persian Government should bind themselves not to alter the existing customs tariff does not meet with Sir E. Grey's approval. He would point out that at the present moment a proposal has been made to levy a surcharge of 10 per cent. in connection with the scheme for policing the southern roads, and he is further of opinion that certain articles of importation into Persia, mainly of British or Indian origin, notably tea, are already taxed at an unduly high rate. Apart from this, Sir E. Grey is not aware that such undertakings are usually required from other Governments similar to that of Persia and desirous of contracting loans on the security of customs duties. He is therefore of opinion that this proposal is unnecessary, and that the words embodying it should be deleted.

It will be observed that in the draft prospectus, though not in the draft contract, the proposed loan is stated to be a first charge on the southern customs. This, as Lord Morley knows, is not in accordance with the facts, and Sir E. Grey considers that, in the state of affairs as contemplated in these two documents, His Majesty's Government should hesitate before allowing further categories of debt to be given precedence of the sterling loan of 1903-4. It should, however, be stated that the Imperial Bank intend to suggest a scheme for amalgamating the sterling loan with the proposed issue, and he will therefore refrain from further comment on this point until this scheme has been submitted to him.

Finally, it is to be observed that the bank suggest that a letter should be addressed to them by His Majesty's Government in terms set forth on the subject of the loan. Apart from the fact that the third paragraph of this letter involves an obligation on His Majesty's Government which he could not incur on his sole authority, Sir E. Grey

* Not printed.

is of opinion that, notwithstanding precedents to the contrary, it is undesirable that letters from His Majesty's Government should be published in a public prospectus, and he considers that such action should be avoided if possible in the present case.

I am to request that I may be favoured at Lord Morley's early convenience with his observations on the above remarks, or on any other points in the draft contract and prospectus that may appear to him to require modification.

I am, &c.

W. LANGLEY.

[39786]

No. 184.

Foreign Office to Messrs. Seligman Brothers.

Gentlemen,

Foreign Office, October 31, 1910.

I AM directed by the Secretary of State for Foreign Affairs to acknowledge the receipt of your letter of to-day's date enclosing draft of a telegram which you propose to send to the Persian Government respecting the negotiations you have been carrying on with them for a loan, and enquiring whether His Majesty's Government approves its terms.

I am to state that His Majesty's Government have no objection to offer to the terms of this telegram.

I am, &c.

A. NICOLSON.

[39765]

No. 185.

Treasury to Foreign Office.—(Received November 1.)

Sir,

Treasury Chambers, October 31, 1910.

I HAVE laid before the Lords Commissioners of His Majesty's Treasury Mr. Langley's letter of the 24th instant, together with a copy of a letter from the India Office, with its enclosures, regarding a scheme for the military defence of the consular buildings at Bunder Abbas.

In reply, I am directed to state, for the information of Secretary Sir E. Grey, that their Lordships are prepared to authorise the charge on the Imperial revenues of one-half of the sum to be expended at Bunder Abbas (376*l.* 13*s.* 4*d.*).

I am, &c.

T. L. HEATH.

[39751]

No. 186.

The Imperial Bank of Persia to Foreign Office.—(Received November 4.)

Sir,

25, Abchurch Lane, London, October 31, 1910.

WITH reference to our letter of to-day's date, we now have the honour to enclose corrected telegrams received from our Tehran office to-day, together with a translation of our reply.

I have, &c.

G. NEWELL, Manager.

P.S.—I have the honour also to enclose a copy of the letter from the Ministry of Finance which is referred to.

G. N.

[1761]

2 B

Enclosure 1 in No. 186.

*Translations of Telegrams exchanged between the Imperial Bank of Persia, Tehran,
and the Imperial Bank of Persia, London.*

(1.)

Tehran to London, October 31, 1910.

UNDERSTAND Seligman Brothers agreed to retire, but agent here holding out. Persian Government awaiting reply to their letter of the 10th October; request firm offer minimum net proceeds; for your information Seligman Brothers' terms said to be $2\frac{1}{2}$ per cent. commission and all excess above $87\frac{1}{2}$ going to Persian Government. Persian Government to pay all charges. Think best plan would be to reply Imperial Bank of Persia glad float a loan and expedite date repayment kran debt, but cannot see way join Seligman Brothers for the purpose of this. Reply to-day if it is possible.

(2.)

Tehran to London, October 31, 1910.

Understand on good authority Seligman Brothers prepared advance quarter of capital immediately agreement signed.

(3.)

London Office to Mr. A. O. Wood, Tehran, October 31, 1910.

Referring to your telegrams of to-day (two). We learn from Foreign Office Seligman Brothers withdrawn. In reply to Persian Government letter of the 10th October, it is undesirable co-operate with Seligman Brothers. We repeat our telegrams of the 7th, 19th, 21st, and 24th October; we are prepared to arrange an advance as soon as loan has approval Foreign Office and is definitely arranged; they are giving the matter earnest attention; you will hear from us as soon as possible. We are confident we can do better than Seligman Brothers' terms.

Enclosure 2 in No. 186.

Hakim-ul-Mulk to Imperial Bank of Persia.

Sir,

Ministry of Finance, Tehran, October 10, 1910.

I HAVE the honour to inform you that the Persian Government has entered into negotiations with Messrs. Seligman Brothers, of 18, Austin Friars, London, for the conversion of the Imperial Bank of Persia's consolidated Kran debt to a larger 5 per cent. sterling loan. As this will involve the repayment of the debt of the Imperial Bank of Persia, I desire to give you notice, as provided in clause 5 of the contract, that this repayment will take place at latest on the 20th March, 1911.

As however the Persian Government attach very great importance to the early and successful completion of the conversion I have the honour to invite your co-operation, in order that, if possible, the date may be advanced. I believe that the arrangement will be to the mutual advantage of the Persian Government and of the Imperial Bank of Persia, and as the security will probably continue to be encashed with the Imperial

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No. 188°.

Sir G. Barclay to Sir Edward Grey.—(Received November 1.)

(No. 444.)

(Telegraphic.) P.

Tehran, November 1, 1910.

RUSSIAN troops at Kazvin.

I have the honour to report, with reference to Mr. O'Beirne's telegram No. 292 of the 30th October, that I had for long understood that the Russian Government had abandoned the condition respecting the Cossack brigade, which formed a prominent item in M. Poklewski's proposals last spring. My Russian colleague has spoken recently of only two points on which satisfaction was demanded prior to the withdrawal of the Kazvin force, viz., the extension of the Karadagh mining concession, and the motor-cars, with the possible addition of the dismissal of Mukhber-es-Sultaneh from Tabreez (please refer to Mr. O'Beirne's telegram No. 270 of the 28th September in this connection).

Last paragraph of Mr. O'Beirne's telegram refers to certain proposals put forward by Hussein Kuli Khan, with the approval of his colleagues, last week in response to a conciliatory advance on part of my Russian colleague. M. Poklewski had held out some hope that his demands might be considerably modified if Persian Government would meet him half-way.

[1761]

2 B°

Bank of Persia, I trust that I may receive a favourable reply. Your assistance in the formation of the new contract will be welcome, so that it should represent an agreement between the British Government, Messrs. Seligman Brothers, and the Imperial Bank of Persia.

In view of the importance of the matter, I should be glad of a reply at your earliest convenience.

I have, &c.

HAKIM-UL-MULK,

Minister of Finance.

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No. 187.

Messrs. Seligman Brothers to Foreign Office.—(Received November 1.)

Sir,

18, Austin Friars, London, October 31, 1910.

WITH further reference to our letter to you of the 28th instant, we have the honour to inform you that, inasmuch as by letter dated the 10th October, 1910 (copy of which we enclosed in our letter to you of the 24th instant), the Persian Government had entrusted our firm with the conversion of the loan of the Imperial Bank of Persia, and with the raising of moneys which, according to our proposed contract, were to be expended on the proper safeguarding of the southern trade routes—which operation your present attitude compels us to abandon—we feel it is our duty to telegraph forthwith to the Persian Government to that effect.

We would like to state that our pourparlers with that Government have been of an entirely satisfactory nature, and we feel that we cannot, without serious loss of prestige, throw them over at the eleventh hour without putting forward some valid reason for our action. We consequently purpose cabling them in the following sense:—

“As, contrary to our expectations, the Foreign Office now informs us that it cannot support any proposals to displace or seriously prejudice the interests of the Imperial Bank of Persia, and that it must await the result of the pending negotiations between that bank and the Persian Government, and as we consider this equivalent to withholding its approval, which is obviously essential, we are reluctantly compelled to retire from further negotiations.”

We are submitting, for your approval, this draft of our proposed telegram (which we shall have to cable in plain words, having no code with the Persian Government), as we are desirous of using no words which might be considered embarrassing to the British Government in its attitude to the Persian situation. Should this form of cable not meet with the approval of His Majesty's Government we should be glad to know how they would wish it worded. As our cable has already been unduly delayed, we should be obliged by your immediate reply.

Meanwhile we have, &c.

SELIGMAN BROTHERS.

[39794]

No. 188.

Sir G. Barclay to Sir Edward Grey.—(Received November 1.)

(No. 443.)

(Telegraphic.) Decode.

Tehran, November 1, 1910.

MY telegram No. 426 of 27th October.

Naib Hussein and followers fled from Kashan in course of night. Bakhtiara following them.

[39837]

No. 189.

Sir G. Louther to Sir Edward Grey.—(Received November 1.)

(No. 242.)

(Telegraphic.) P.

Constantinople, November 1, 1910.

INCIDENT at Kotur.

Please see my telegram No. 240 sent yesterday.

In consequence of written representations made by the Persian chargé d'affaires, in accordance with instructions now received from his Government, the Turkish Government are making telegraphic enquiries, and meanwhile have replied that they know nothing regarding the alleged incident.

[39874]

No. 190.

India Office to Foreign Office.—(Received November 2.)

Sir,

India Office, November 1, 1910.

WITH reference to previous correspondence regarding the insecurity prevailing in Southern Persia, I am directed by the Secretary of State for India to forward, for the consideration of the Secretary of State for Foreign Affairs, copy of reports received (in the ordinary course of departmental routine) by the Director-in-Chief, Indo-European Telegraph Department, as to the destruction of the telegraph between Bushire and Shiraz and other instances of disorder.

The state of affairs disclosed by these papers—taken together with the threatened attack on Lingah, and the seriously disturbed condition of the Bunder Abbas district—suggest the desirability of pressing upon the Persian Government the demand for the restoration of order recently made by His Majesty's Government. Viscount Morley therefore ventures to hope that, unless there are reasons for delay of which he has not been informed, the presentation of Sir G. Barclay's draft reply may not be long postponed.

I am, &c.

R. RITCHIE.

Enclosure 1 in No. 190.

Director, Persian Section, to Director-in-Chief, Indo-European Telegraph Department.

(Telegraphic.)

Tehran, October 30, 1910.

TOTAL communication interrupted between Dastarjin Kazeroon since 2:30 forenoon 26th. Insulators smashed wholesale, wires cut, sections carried off. Damage caused by Kashkai tribesmen, notwithstanding every effort; preventive measures unavailing, as provincial Government powerless. Inspector fourth sub-section endeavoured to effect repairs, but as there is considerable risk he has been recalled Dashtarjin or Shiraz. Gholams continue to effect repairs. I am unable to say probable date of restoration of communication.

Enclosure 2 in No. 190.

Director, Persian Section, to Director-in-Chief, Indo-European Telegraph Department.

Sir,

Tehran, October 18, 1910.

I HAVE the honour to forward to you herewith extracts from the reports submitted to me by the sub-divisional officers for the week ended the 15th October, which convey some idea of the disturbed state of Persia.

The information in these reports is practically a repetition of what reaches me every week.

From other places come alarming accounts of the increasing disorder in the country; of continual caravan robberies, which react on the townsfolk by increasing the

price of food-stuff; of insecurity in the towns themselves, and of general disaffection of the present régime.

2. The postal service to the south is so paralysed as to be practically non-existent; the bulk of the departmental business has to be dealt with by telegraph.

I have, &c.

W. KING WOOD,

Officiating Director.

Enclosure 3 in No. 190.

Abstract of Sub-divisional Officers' Reports for week ending October 15, 1910.

Kerman.—Property of Kerman Hindu merchants, of value of 15,000 tomans, stolen from caravan en route Bunder Abbas to Kerman, within few stages of Bunder Abbas. The normal rate per 100 Tabreez maunds is 180 to 200 Bunder Abbas Kerman krans, but for past three months the hire has been 300 to 320 (this is roughly 2d. per lb.), and likely to go higher. Owing to cholera at Meshed quarantine is just being enforced against arrivals from Meshed.

Ispahan.—Typhoid still prevalent. Robberies persistent, even in daytime. Small-pox epidemic. New governor appointed and town quiet. Gholams on interruption duty near Aminabad chased by robbers. Inspector has had return towards Ispahan owing non-supply of guards.

Kahan.—Position unchanged since last report. Fighting continues; water supply being cut off by filling in kanats.

Abadeh.—Roads north and south unsafe. Many robberies and looting of villages taken place during week.

15th. Eighty camels laden with wheat carried off near Shulgistan Road to Ispahan in possession of armed bands of robbers.

Shiraz.—Reported large parties of Kordshulis and Lashanis infesting the district between Dehbeed and Sivand looting and pillaging villages. Down post from Shiraz held up near Chenar Rahdar, close to Shiraz.

On the 14th contents of postbags torn and mauled about, and the kossid returned to Sihraz with remnants. Up posts from Shiraz, containing mails for about two weeks (which were delayed in Zargoon for want of transport), arrived Dehbeed to-day, and report having been held up on seven different occasions between Sivand and Dehbeed, and that about nine-tenths, of letters stolen or destroyed. Province of Fars at present in chaotic condition, which local authorities are powerless to remedy. Nearly all our gholams have been stripped on one or more occasions while out repairing interruptions during past week, and applications for guards to accompany them have proved unavailing, orders to local headmen on the subject being disregarded.

Dehbeed.—Reports scarlet fever still exists in villages round about, but is unable to give the numbers of cases or deaths. Inspector unable to proceed inspection owing non-supply of guards.

Yezd.—One hundred and eighty-six robbers returned homewards via Nodushan. The whereabouts of 300 Nogumbaz robbers is obscure. On the 14th a small party of Bakhtiaris ran into them, fighting with road guards there. Robbers turned on the sowars, who defended themselves till evening, and retired to Akda, claiming to have hit six robbers without any casualty themselves.

They report the capture of the up post, sixty Yezd camels, four Nain flocks. A post-waggon driver who reached Nain reports having been captured I farsakh from Nogumbaz. The letters and four horses were taken with the clothing of himself, and some Parsi passengers. Valuables have been left behind at Akda.

The down posts with the bank cash are still halted at Nain. One up post is at Ardekan.

Apparently the attack on the local provincial assembly and the following attempt here were put up. No one was killed. One old man, certified by mission doctor to be devoid of wound or bruise, died, apparently of excitement. One seyyid had small bullet through the front of his foot. Another had his ear grazed. The governor's ferrash-bashi carried the leaders to the fort, where they were given small presents and sent away. The governor has made the ferrash-bashi "rais nazmieh," and has collected the policemen from their hiding-places. The former "rais nazmieh" and assistant are still here, and are fearful of the governor doing them personal injury. The town is quiet. Saramul-ul-Mulk, the late Governor of Kerman, reached here on

[1761]

2 C

Saturday and took provisions without payment at Mehdiabad and Anar, and requisitioned fifty camels sent to Mehdiabad to bring in the loads of the camels carried off from Gezu because the sowars' horses were tired. Taftis and Kalantar Maibud are still in "bast."

Some Arabs, formerly part-owners of Marvas, went there and commenced looting. Meeting with resistance, they looted Hashenabad, where one of them was wounded. The rest went back for assistance, to return and loot the whole of Marvas by the 11th; news of the result is awaited. The Russian agent here has considerable interest in Marvas.

Owing to general insecurity, the usual quantity of wheat is not coming into Yezd. Attempts are being made to corner. The prices of bread and meat, put up the day before the attack on the assembly, it is said, with the connivance of the governor, who has taken bribes, has now been reduced somewhat. Bread is 1/30; wheat, 1/625; Roghan, 20 krans, usually 16 krans. Scarce barley is retailed at 1/125, straw, 25; usually '875 and 17'5.

[40288]

No. 191.

Note communicated by M. de Etter, November 2.

LES Turcs ont violé la frontière de la Perse près de Kotour.

Or, la ville et le territoire de Kotour avaient été cédés à la Perse par l'article 60 du Traité de Berlin (délimitation établie par la Commission anglo-russe).

En conséquence, le Gouvernement Impérial croirait nécessaire que les Ambassadeurs d'Angleterre et de Russie fassent de commun accord des démarches auprès de la Porte en vue de faire prescrire au Vali de Van de s'abstenir de toute violation de la frontière susindiquée.

*Ambassade Impériale de Russie, Londres,
le 20 octobre (2 novembre), 1910.*

[39924]

No. 192.

Imperial Bank of Persia to Foreign Office.—(Received November 2.)

Sir, 25, Abchurch Lane, London, November 2, 1910.
REFERRING to recent copies of telegrams to and from Tehran supplied to you, and also to many personal interviews about the loan the Persian Government are anxious to raise, the following telegram has just been received:—

"Tehran, 3:30 P.M. to-day.

"Situation is embarrassing; agent insists upon Persian Government contradict statement made in London newspapers regarding negotiations with us; have done our best in the matter prevent this. Persian Government agrees, provided you make a firm offer immediately."

The directors of this bank take a very serious view of the position, and are of opinion that in the interests of the shareholders a firm offer ought to be made at once. They are convinced that if we do not do so others will, as there is no question about the security being adequate.

The loan will be made, and at once: is it not better that the Imperial Bank of Persia should undertake it than that it pass into other hands, with results not pleasant to contemplate?

The directors of this bank consider its future if not its very existence would be jeopardised by the business going elsewhere.

I have, &c.

T. JACKSON, *Chairman.*

[39970]

No. 193.

*Translation of a Telegram received October 31, 1910.—(Communicated by
Mirza Mehdi Khan, November 2.)*

ACCORDING to protocol, the pension of Mohamed Ali Mirza is paid in advance. Of the last quarter's advance one month has elapsed, but it will be paid to-morrow by the Ministry of Finance. Although I have told the British and the Russian Ministers that I have urged the Minister of Finance to hasten the payment the two Ministers have sent me a joint official note, and have commissioned five gholams from both legations to accompany me everywhere and to press for payment. In the protocol it has been stipulated that the instalments should be paid every three months in advance. This has been done, notwithstanding our financial difficulties, of which it is one year that they themselves (the two Powers) have been chiefly the cause, and notwithstanding the fact that a number of the clauses of the protocol have been violated, as, for example:—

1. The banishment of Sheikh Mohmood, of Varamin, and of Prince Kamran Mirza.
2. The surrender of the jewels, which, in the presence of the representatives of the two legations, were proved to be in the possession of Kamran Mirza.
3. Creation of difficulties and differences regarding the return of documents relating to Mohamed Ali Mirza's properties.
4. Not preventing Mohamed Ali Mirza from inciting the Djafarbay Turkomans, regarding which an official intimation was made to the two Ministers on the 23rd ultimo, asking them to inform their Governments. Within the last few days this act of incitement on the part of Mohamed Ali Mirza has been proved, and the Djafarbays have left for Barfroosh in order to join hands with Nasrat-od-Dovle (?).

I have intimated to the two legations that, notwithstanding the above-referred-to violations of the protocol drawn up by the two legations, the Persian Government has not refused payment of Mohamed Ali Mirza's pension, and there has been only a delay of one month in the advance payment of the quarterly instalment.

As the protocol is signed by the representatives of Great Britain and Russia, I appeal to the sense of justice of the two Governments on the following facts:—

1. My great efforts to carry out in face of many difficulties the requests recently made by the Russian Minister.
 2. The responsibility for this delay does not rest with the Minister for Foreign Affairs, but the delay was an unavoidable one on the part of the Minister of Finance; and yesterday I myself discussed the question fully with the Russian Minister, and only refused to give in so small a matter my word of honour that the sum would be paid by to-morrow; but I distinctly said that it would be paid at once.
- I ask the two Governments to say whether, in view of the above facts, it was justifiable for the representatives to act contrary to all principles of diplomatic courtesy, and subject to such a treatment a patriotic foreign Minister, the correctness of whose acts they themselves admit.

[39927]

No. 194.

Sir G. Barclay to Sir Edward Grey.—(Received November 2.)

(No. 445.)

(Telegraphic.) P.

Tehran, November 2, 1910.

SELIGMAN and Imperial Bank of Persia.

Minister for Foreign Affairs read to me this afternoon a telegram in which Seligman inform Persian Government that they withdraw from negotiations, owing to the attitude of the Foreign Office.

He asked me the reason of His Majesty's Government's attitude. I told him that they could not support a scheme which was prejudicial to the interests of the Imperial Bank of Persia.

I advised him privately not to carry out his intention of publishing in England a denial of the bank's negotiations, as it would probably delay matters, but I fear I made little impression. Mr. Wood is of opinion that the denial will be published unless the Imperial Bank are able to make a given offer.

Doubtless Mr. Moore is pressing the Persian Government to send this *démenti*, in order to discredit the bank and obtain the reopening of his negotiations on behalf of Seligman.

Minister for Foreign Affairs spoke of bank's dealings with Vekil-ul-Roya as merely informal conversations, and declared that Persian Government could never have dropped the negotiations with Seligman after its informal application to that firm until the bank had made a more favourable offer than Seligman's definite terms, which are not yet known, being expected by post in a few days. Pending receipt of these, bank manager's letters assuring Minister of Finance of bank's ability to offer better terms than Seligman could not have been considered.

[39970]

No. 195.

Sir Edward Grey to Sir G. Barclay.

(No. 319.)

Telegraphic.) R.

Foreign Office, November 2, 1910.

PERSIAN Minister has communicated telegram dated 31st October from Persian Minister for Foreign Affairs, stating that, though payment of the ex-Shah's pension is one month in arrear and would be paid on 1st November, you and your Russian colleague have sent him a joint note, and have commissioned five gholams to follow him everywhere and press for payment. Previous payments had been made regularly in spite of financial difficulties, caused chiefly by the two Powers and in spite of violation of the protocol in four points, namely:—

1. Regarding banishment of two adherents of the ex-Shah.
2. Surrender of certain Crown jewels.
3. Question of certain documents relating to ex-Shah's estates.
4. That ex-Shah has not been prevented from inciting Turkomans to revolt.

Minister for Foreign Affairs appeals to sense of justice of the two Governments, pointing out his efforts to meet Russian demands in face of great difficulties, and the responsibility for payment is not his but the Minister of Finance's, and that he distinctly promised the Russian Minister that the pension would be paid at once, though refusing to give his word of honour that it would be paid next day. He asks whether representatives were justified in acting contrary to diplomatic usage and submitting him to such treatment when correctness of his acts is admitted.

Persian Minister here was verbally informed that the tone of the communication was injudicious, but that we would ascertain from you your version of the alleged facts. Please report by telegraph.

(Repeated to St. Petersburg, No. 659.)

[38002]

No. 196.

Foreign Office to War Office.

Sir,

Foreign Office, November 2, 1910.

I AM directed by the Secretary of State for Foreign Affairs to refer to previous correspondence with your department ending with your letter of the 16th September, 1908, on the subject of the post of military attaché at Meshed.* I am to transmit to you for the information of the Army Council the enclosed copy of correspondence which ensued on that letter between this department, the India Office, and the Treasury,† from which it will be seen that the latter, in view of the Imperial interests involved, consented to the charge on the Imperial revenues of one-half the expenditure involved, which at that period was given as amounting in all to 574l. 8s., 700l., or 927l. 4s., according to the rank of the officer employed. This sanction was in accordance with the usual procedure adopted for the adjustment of expenditure on His Majesty's diplomatic and consular establishments in Persia, whereby such expenditure is equally shared between the Indian and Imperial Exchequers, the latter's share being debited to the Foreign Office vote.

* Collection of printed correspondence: Inclosures in India Office despatch to India No. 22, December 18, 1908 [44657].

† India Office, September 16; to ditto, September 30, 1909.

In a subsequent letter of the 16th September, 1909 (copy also enclosed),* the India Office brought to the notice of this department further contingent expenses connected with the post bringing the total expenditure for the year 1909-1910 up to 2,372l., and it was suggested that the sanction of the Treasury should be sought to charging a moiety of these contingent expenses as well as of the pay of the military attaché against British revenues. To this step Sir E. Grey, for reasons set forth in the reply to the India Office letter, felt himself unable to assent.

In further correspondence, of which I am to transmit to you copies, the India Office have again reverted to this subject, and have adduced arguments in favour of reversing this decision. From a perusal of this correspondence the Army Council will see that, in the view of the Government of India, it is wrong to regard this post as coming under the arrangement mentioned above by which a general sharing of expenditure in Persia is contemplated. The residence of the military attaché—or, as they would prefer to designate him, the intelligence officer—in Meshed is incidental, and due to the fact that neither he nor any British consular officer can reside in Russian Turkestan. It is entirely in Russian territory that his work lies, and his *raison d'être* is unconnected with Persia or Persian affairs. It is argued that for these reasons the expenditure, high as it is as compared with that involved on military attachés in other parts of the world, is justifiable, and that in view of the Imperial interests involved it should be shared in its entirety with the Imperial Exchequer.

I am to point out that, in supporting the previous application to the Treasury for sanction to pay a moiety of the salary of the Meshed intelligence officer, Sir E. Grey had in view the arrangement for the general sharing of Persian diplomatic and consular establishments rather than a correct appreciation of the nature of the post. He has accepted the view put forward by the Army Council and other competent authorities that the retention of the appointment is of value, at any rate indirectly, to Imperial interests; but he has also felt convinced that the share hitherto borne by the Imperial Exchequer has been fully commensurate to the benefits received, and he has declined to approach the Treasury with a view to increasing the sum at present contributed.

The despatches enclosed and the arguments adduced in the India Office letters of the 2nd September and the 18th October emphasise the purely military character of the post; but so far from furnishing Sir E. Grey with any new reason why the share of the expense hitherto borne on the estimates of this department should be increased, they have rather led him to question whether the appointment in future should not rather be treated on the same footing as military attachés in other parts of the world. In this view he is confirmed by the fact emphasised in the India Office letter of the 18th instant that the Imperial General Staff have addressed the commander-in-chief in India with a view to the General Staff in India assuming entire responsibility for intelligence work in Russian Turkestan. Sir E. Grey therefore feels that only the Army Council can fully estimate precisely to what extent the post of intelligence officer at Meshed is of value to Imperial interests, and that they are therefore alone able to recommend to the Treasury what share, if any, of the expenditure connected with the post should be borne by the Imperial Exchequer.

I am therefore directed by Sir E. Grey to enquire what view the Army Council takes as to whether the post should be further temporarily retained or permanently established; and I am to suggest that if they favour its retention they should enter into an arrangement with the India Office for an equitable sharing of the expenditure involved.

I am to add that the period for which the retention of the post was sanctioned in 1908 expired on the 20th instant, but that the Lords Commissioners of the Treasury have sanctioned its continuance on the present footing till the 31st December next, pending a full discussion of the amount and incidence of the expenses attaching to the post.

Copies of this letter have been forwarded to the Treasury and to the India Office.

I am, &c.

W. LANGLEY.

* India Office, September 2; to ditto, October 12; India Office, October 18, 1910.

[40001]

No. 197.

Sir G. Barclay to Sir Edward Grey.—(Received November 3.)

(No. 192.)

Sir,

Tehran, October 15, 1910.

WITH reference to my telegram No. 406 of yesterday's date, I have the honour to transmit herewith copy of a note which I yesterday addressed to the Persian Government, warning them that unless within three months order is restored to the satisfaction of His Majesty's Government upon the Bushire-Ispahan road, His Majesty's Government will themselves undertake to perform this duty.

I have, &c.

G. BARCLAY.

Enclosure in No. 197.

Sir G. Barclay to Persian Government.

M. le Ministre,

Tehran, October 14, 1910.

I HAVE repeatedly drawn the attention of the Persian Government to the deplorable insecurity of the roads in Southern Persia.

Unfortunately my representations have produced no result. So far from there being any improvement, the state of these roads is worse to-day than at any time since the commencement of my mission in Persia. Robberies and outrages have become more and more frequent, and the principal channels through which British trade used to pass to the interior of the country are now practically closed by the depredations of tribesmen, who appear to be completely beyond the control of the central Government.

I postpone for the moment dealing with the numerous claims presented by this legation and His Majesty's consulates to the Persian Government and the local authorities on account of outrages to British subjects and robberies of British goods on the roads in question.

Such claims, of which hardly one has been settled since I took up my post as His Majesty's Minister to Tehran, will, of course, as occasion offers, continue to be pressed upon the Persian Government and the local authorities, and their settlement will be exacted in due course. I am now, however, principally concerned with the measures to be taken with a view to remedying a state of things which has at last become intolerable to His Majesty's Government, and I am instructed by His Majesty's Principal Secretary of State for Foreign Affairs to inform you that, unless by three months from now order has been restored to the satisfaction of His Majesty's Government upon the roads from Bushire to Shiraz, and from Shiraz to Ispahan, which are the routes which have been marked by the most flagrant outrages and disorders, His Majesty's Government will be reluctantly compelled themselves to take such steps as may be necessary to secure the proper policing of these roads.

I may add that the measures contemplated in the first instance by His Majesty's Government, in the event of the Persian Government's failing to restore order within the period named, involves the organisation for the policing of the roads in question of a local force of some 1,000 to 1,200 men levied and commanded by a number of British officers from the Indian army. The expenses of this force would be met in part by a surcharge of 10 per cent. on the customs duties on all goods imported at the southern ports, and in part from the revenues of the province of Fars, a sufficient portion of which would have to be paid over with the above-mentioned surcharge on the customs duties to the officer commanding the force.

I trust that this matter will receive the most earnest attention of the Persian Cabinet.

While thus warning the Persian Government of the consequence of a continuance of the present deplorable situation on the southern roads, I avail, &c.

G. BARCLAY.

[39971]

No. 198.

India Office to Foreign Office.—(Received November 3.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Viscount Morley, forwards herewith, for the information of the Secretary of State, copy of a telegram from the Viceroy, dated the 1st November, 1910, relative to disturbances in the neighbourhood of Lingah.

India Office, November 2, 1910.

Enclosure in No. 198.

Government of India to Viscount Morley.

(Telegraphic.) P.

November 1, 1910.

PASS has been forced and attack on Lingah threatened by Gholam Husain Khan, a marauder, of Warawi, near Bastak, with an armed following of 3,000 in coalition of other chiefs; 800 riflemen under Sheikh Mazkur, of Gaobandi, left for Lingah to help, sailing from Shivu. In order to deal with them His Majesty's ship "Odin" left on the 29th October. The "Fox" landed four guns and 160 men at Lingah, under the Minister's authority, as the lives and property of British and foreign subjects were in danger.

Arrangements are being made that, if necessary, senior naval officer should requisition reinforcements from Jask up to fifty men, whose places, when required, would be made good from Chahbar.

[40055]

No. 199.

*Sir T. Jackson to Foreign Office.—(Received November 3.)**Imperial Bank of Persia, 25, Abchurch Lane,
London, November 3, 1910.*

Sir,

WITH reference to my letter of yesterday, I now send, for your information, a long extract from a Tehran letter received this morning which bears upon some of the points we have recently been discussing.

I would like to reiterate the opinion of the directors expressed in my letter of yesterday that the loan will be made and that the Imperial Bank of Persia should do it. If Mr. Moore obtains an agreement, he will first offer it to Seligman Brothers, through his London colleague, Colonel Beddoes; if that firm is undesirous of proceeding further in the matter, there would be no difficulty in passing it on to the highest bidder, irrespective of whether such bidder would be friendly or hostile to British interests.

I am, &c.

T. JACKSON, *Chairman.*

Enclosure in No. 199.

Extract from Tehran Confidential Letter to London, dated October 22, 1910.

PERSIAN GOVERNMENT.

Loan.—In reply to your telegram received on the 20th, I wired you the same day that the Persian Government desired the bank to arrange for the issue of a loan of 1,200,000l., at 5 per cent. and 85 or better, secured on the southern customs, redeemable in thirty-seven or forty years, and that it was proposed to mint part of the proceeds in London. This morning I received your wire stating that you had entered into negotiations, but time would be required to arrange details. Vakil-ul-Roya was here early this morning and was glad to hear the above. He said that the committee

appointed to consider the matter was unanimous that the business should be done by the bank. In view of England's recent note to Persia, time is valuable.

The Persian Government see that the Seligman loan is hung up for political reasons, but they do not appear to have choked off Mr. Moore yet. He came to see me yesterday morning and said that his principals were going ahead and hoped to overcome all difficulties! Subsequently Reuter's agent informed me that he had wired home the substance of an interview he had with Moore at the latter's request. On the 20th I had a visit from Mr. Osborne, who was greatly perturbed at Moore's activity in using the home press to further his ends. Osborne represents a body which calls itself the International Syndicate, the members being: Walter Emden, J.P.; Adolf Carl Christian Schultz; Roderick Mitchell, J.P., Persian consul in London; Joseph Woolf; Frank Mack, and Mortan Lambert.

Woolf and Osborne came out here together, ostensibly to shoot, but in the early part of this year their real object, a loan to Persia, was discovered and quashed by England and Russia. Osborne declared on the 20th, the only time he has come to see me, that he was sent out here to prevent Germany making a loan, and that Woolf has proof positive that Seligman's affair is German, and that the attempt would be made exactly as it has been. He further stated that the object of this is to create a nucleus for a bank. On the 18th or 19th Osborne told the same story to Sir George Barclay, who wired to the Foreign Office, and asked them to consult Woolf. This was told me by Osborne, who is certainly greatly concerned about Seligman, but I do not think for the reason stated. "International Syndicate" itself sounds somewhat suspicious.

[40041]

No. 200.

Sir G. Barclay to Sir Edward Grey.—(Received November 3.)

(No. 446.)

(Telegraphic.) P.

Tehran, November 3, 1910.

WITH reference to my telegram No. 445 of the 2nd November, I telegraph herewith substance of the passage in Persian Government's note, concerning the southern roads which refers to loans, in case you may desire to mention this question in our reply.

Persian Government are negotiating with a group regarding conversion of their debt to the Imperial Bank of Persia, and the Persian Government think that in this manner some funds will be available which will enable them quickly to put an entire stop to sedition. Security which Persian Government propose to offer is the same as that given for the debt to the Imperial Bank—southern customs—guarantees of other Persian loans will therefore not suffer.

Persian Government are therefore confident that His Majesty's Government, in view of their anxiety respecting the development of commerce, will look favourably on this transaction which Persian Government have in view, chiefly for improving security of the roads.

[40066]

No. 201.

Sir G. Barclay to Sir Edward Grey.—(Received November 3.)

(No. 447.)

(Telegraphic.) R.

Tehran, November 3, 1910.

YOUR telegram No. 319 of 2nd November: Ex-Shah's pension.

Russian Minister and I repeatedly pressed Minister for Foreign Affairs respecting payment of ex-Shah's pension, overdue since 22nd September, without result. He never raised points 1, 2, or 3, which are quite irrelevant and an afterthought.

[?] On 26th October Russian Minister, having received instructions to use the strongest pressure, renewed representations to the Minister for Foreign Affairs, who talked both to him and to me of stopping pension owing.

Point 4. Alleged incitements by ex-Shah being by no means proved, it was pointed out to him that by terms of protocol they could not be considered to justify stoppage of pension. Following day Russian Minister, [?] in pursuance of] his instructions to use the strongest pressure, warned Minister for Foreign Affairs that if money was not paid within three days—when it would be a month overdue—he would depute gholam to press for it.

On 28th October Russian Minister informed me of above and sounded [?] me] as to whether I would join him. The case having arisen out of protocol, it was clearly incumbent on us to act together.

Furthermore, it had come to my notice that Minister for Foreign Affairs was trying to put wedge between Anglo-Russian *entente* by giving out that, whereas Russian Minister was personally hostile to him, he had British sympathy, if not my actual support. I therefore did not hesitate to follow my Russian colleague. A refusal would have given him ground for some reflection as to Minister for Foreign Affairs' allegations, which had also reached his ears, whereas to join proposed action made it clear to all that there was no ground for these allegations.

A gholam of each legation was sent on 29th October with a joint note pressing for payment. They were to go to Ministry for Foreign Affairs and wait till money was paid. If it was not paid, they were to follow Minister for Foreign Affairs to his house or elsewhere. This is a custom followed by creditors in Persia for recovery of debts.

Minister for Foreign Affairs called on my Russian colleague the same day and pleaded Persia's financial straits, no longer speaking of refusal of payment owing to alleged intrigues of ex-Shah. Russian Minister said he would be happy to withdraw pressure of the gholams if Minister for Foreign Affairs promised payment by next day, but Minister for Foreign Affairs would not commit himself, and gholams remained. Money was paid 31st October, and gholams were removed.

[40067]

No. 202.

Sir G. Barclay to Sir Edward Grey.—(Received November 3.)

(No. 448.)

(Telegraphic.) R.

Tehran, November 3, 1910.

I HOPE Imperial Bank of Persia will not take any steps to publish anything about diversion of bank's money from mint, which manager has telegraphed to head office. Persian Government would probably reply through press they were compelled to take this course owing to pressure of two legations, and this would not improve matters.

Would not Imperial Bank of Persia content itself with protest it has made to Persian Government, and forgo pressing for immediate repayment?

[40068]

No. 203.

Sir G. Barclay to Sir Edward Grey.—(Received November 3.)

(No. 449.)

(Telegraphic.) R.

Tehran, November 3, 1910.

MY telegram No. 447 of 3rd November: Ex-Shah's pension.

Russian Minister tells me that I am in error in saying that at Minister for Foreign Affairs' interview with Russian Minister on 29th October his Excellency pleaded Persian Government's financial straits. He has never at any time in any way intimated that delay was due to this cause.

[39926]

No. 204.

Mr. O'Beirne to Sir Edward Grey.—(Received November 3.)

(No. 295.)

(Telegraphic.) P.

St. Petersburg, November 3, 1910.

IMPERIAL meeting at Potsdam.

My telegram No. 293 of 30th October.

In the course of conversation with M. Isvolsky yesterday his Excellency alluded to the forthcoming negotiations, and spoke of the difficulty which the Russian Government might experience in ever constructing the railway between Khanikin and Tehran. He informed me that he had made the suggestion to M. Sazonow that he might agree that if the line was not constructed by Russia within a specified time Germany should recover her freedom of action.

[1761]

2 E

During his discussions with me on the subject, M. Sazonow has never alluded to any such stipulation as that of Russia binding herself to construct the railway within any specified period. The stipulation to which he said that he would agree was that if and when the line was constructed the point of junction of the Bagdad and Persian railway systems should be Khanikin.

[40065]

No. 205.

Mr. O'Beirne to Sir Edward Grey.—(Received November 3.)

(No. 296.)

(Telegraphic.) P.

St. Petersburg, November 3, 1910.

IMPERIAL Bank of Persia's loan.

Your telegram No. 661 of to-day's date.

The statement which the Acting Minister of Foreign Affairs made to me on the 27th October, and which I had the honour to report in my telegram No. 290 of the same date, amounted to a distinct verbal concurrence in the proposed loan by the Imperial Bank of Persia to the Persian Government. As the Acting Minister of Foreign Affairs is absent temporarily, I am afraid that there will certainly be delay if I apply afresh for the consent of the Russian Government. I propose, therefore, to inform M. Argyropoulo (who is acting for M. Sazonow) at the earliest possible moment that the Imperial Bank are making a firm offer on the strength of M. Sazonow's statement. I will report whether any difficulties are raised by M. Argyropoulo.

[39668]

No. 206.

Sir Edward Grey to Sir G. Barclay.

(No. 321.)

(Telegraphic.) P.

Foreign Office, November 3, 1910.

JOINT advance.

My telegram No. 661 of to-day to St. Petersburg.

You might ascertain from the Russian Minister if the Russian moiety of the joint advance of 400,000*l.* would still be available if applied for by the Persian Government.

[40055]

No. 207.

Sir Edward Grey to Mr. O'Beirne.

(No. 661. Confidential.)

(Telegraphic.) P.

Foreign Office, November 3, 1910.

LOAN by Imperial Bank to Persian Government.

With reference to proposed advance of 1,200,000*l.*, bank are anxious to be put in a position to make a firm offer to Persian Government. Unless Russian Government concur we cannot give our sanction to such an operation. Unless the Imperial Bank is able to make the offer, other houses will obtain the loan. The matter therefore is urgent.

Acting Minister for Foreign Affairs must be approached and consent of Russian Government obtained as soon as possible.

Only about 300,000*l.* cash would accrue to Persian Government for their general purposes were loan concluded.

[40055]

No. 208.

Sir Edward Grey to Mr. O'Beirne.

(No. 665.)

(Telegraphic.) P.

Foreign Office, November 3, 1910.

LOAN of Imperial Bank to Persian Government.

My telegram No. 661 of to-day.

It is of course understood that bank, if they desire to do so, can act independently of our sanction. In their view their interest will be imperilled and their existence will be at stake if the loan goes elsewhere.

[39412]

No. 209.

Foreign Office to India Office.

Sir,

Foreign Office, November 3, 1910.

WITH reference to my letter of the 31st ultimo on the subject of a proposed loan by the Imperial Bank of Persia to the Persian Government, I am directed by the Secretary of State for Foreign Affairs to transmit to you, for submission to Viscount Morley, copy of a letter from the bank,* enquiring whether His Majesty's Government would agree to amalgamate the Sterling Loan of 1903-4 with the proposed issue provided that the first drawings in connection with the loan now in question will not begin for ten years.

I am directed to request that I may be favoured with Lord Morley's views on this proposal.

I am, &c.

F. A. CAMPBELL.

[40168]

No. 210.

Conjoint Jewish Committee to Sir Edward Grey.—(Received November 4.)

Sir,

19, Finsbury Circus, London, November 3, 1910.

BY direction of the presidents of the conjoint Jewish bodies I beg to bring to your notice the enclosed copy of a letter just received by such bodies through the Alliance Israélite of Paris.

The situation of the Jews of Shiraz (Persia), as shown by this letter, is a serious one, and I am directed to appeal for the good offices of His Majesty's Government in intervening to restore order and to see that justice is done to the persecuted Jews at Shiraz and punishment meted out to their persecutors.

Anxiously awaiting the favour of a reply and commending the matter to your best consideration, I am, &c.

CHARLES H. L. EMANUEL,

Solicitor and Secretary.

Enclosure in No. 210.

Alliance israélite universelle to Anglo-Jewish Association.

M. le Président,

45, Rue La Bruyère, Paris, le 1^{er} novembre, 1910.

NOUS venons de recevoir de Chiraz (Perse) les nouvelles les plus alarmantes. Un premier télégramme de notre directeur nous avise qu'une émeute a éclaté contre la population juive, accusée de meurtre par les musulmans et que le quartier juif a été mis au pillage.

Une seconde dépêche, plus précise, et certifiée exacte par l'agent consulaire du consulat britannique, nous informe que le quartier juif de Chiraz est totalement saccagé et dévalisé, que quinze Israélites ont été tués ou blessés et que 5,000 de nos coreligionnaires se trouvent dans la plus affreuse détresse.

Une double action s'impose donc actuellement en présence d'une situation aussi douloureuse et nous vous convions à vous y associer.

Il importe d'abord de faire parvenir d'urgence des secours à nos malheureux frères ; nous leur avons fait télégraphiquement un premier envoi de fonds.

Il convient en même temps de prier les représentants des Puissances européennes auprès du Gouvernement persan d'intervenir de la façon la plus pressante pour faire rétablir l'ordre et châtier les coupables. Il y a quelques mois déjà des troubles graves avaient éclaté à Chiraz, un moniteur de notre école avait été assassiné en pleine rue. A la suite de ce crime nous avons prié le Ministère des Affaires Étrangères de faire des représentations énergiques au Gouvernement persan. Il y a à peine huit jours, nous étions informés par lui que toutes les mesures avaient été prises en vue de sauvegarder la sécurité de la population juive et le Ministère nous communiquait le

* Imperial Bank of Persia, October 29, 1910.

texte d'un arrêté du chef de la police de Chiraz défendant à la population musulmane, sous peine des répressions les plus sévères, de porter atteinte à la vie ou aux biens des Israélites.

Au reçu des télégrammes dont nous venons de vous donner connaissance, nous avons fait une nouvelle démarche auprès du Ministre, et l'avons prié de donner des instructions télégraphiques au Ministre de France à Téhéran.

Nous vous serions très reconnaissants si vous vouliez, de votre côté, entretenir le Foreign Office de ces malheureux événements et solliciter de lui une action pressante en faveur de nos coreligionnaires de Chiraz.

Nous serions aussi très heureux de voir l'Anglo-Jewish Association nous donner un appui pécuniaire pour le relèvement de ces milliers d'être plongés dans la plus profonde misère et auxquels un devoir de solidarité nous impose de venir en aide.

Agréer, &c.
Le Secrétaire,
BIGART.

[40183]

No. 211.

Sir T. Jackson to Mr. Maxwell.—(Received November 4.)

Dear Mr. Maxwell, 25, Abchurch Lane, London, November 4, 1910.
I HAVE yours of to-day. I enclose copies of two telegrams received from Tehran. We have not mentioned the matter to anyone, nor do we intend doing so; all the same, after our previous mint experience we were rather taken aback upon hearing that they had again sinned by appropriating what did not belong to them.

In reply to Sir George Barclay's query as to whether we would be willing to content ourselves with the protest made and forego pressing for immediate repayment, you may advise him that we agree not to press for immediate repayment.

I am very glad we did not give any publicity to the item.

Yours sincerely,
T. JACKSON.

Enclosure in No. 211.

Translations of telegrams received by the Imperial Bank of Persia, London, from the Imperial Bank of Persia.

(1.)

(Telegraphic.)

Tehran, November 3, 1910.

REFERRING to message from Reuter's Telegram Company (Limited) here that pension of late Shah paid; for their information it has been accomplished by diverting our money from mint. I have protested to Persian Government officially, and for the present informed British Minister privately; inclined to think, while leaving matters to you, that Persian Legation in London would be interested if they knew; in case of need, if you wish made public, it will be more prudent to request Reuter's Telegram Company (Limited) to make enquiries of their correspondent at Tehran.

(2.)

(Telegraphic.)

Tehran, November 3, 1910.

AT the request of British Minister hold back information in our first telegram of date.

[40184]

No. 212.

Sir G. Barclay to Sir Edward Grey.—(Received November 4.)

(No. 451.)

(Telegraphic.) R.

Tehran, November 4, 1910.

MY telegram No. 438 of 30th October.

His Majesty's consul at Shiraz reports that situation in town is still disquieting. At consul's suggestion I have asked His Majesty's consul-general at Bagdad to try to induce Ulema of Kerbela to telegraph to Mullah of Shiraz declaring against anti-Jewish and all other fanatical agitation.

[40179]

No. 213.

Mr. O'Beirne to Sir Edward Grey.—(Received November 4.)

(No. 297.)

(Telegraphic.) P.

St. Petersburg, November 4, 1910.

IMPERIAL Bank of Persia's loan.

Please see my telegram No. 296 of yesterday.

I have seen M. Argyropoulo, and have handed to his Excellency an *aide-mémoire* to the effect that the Imperial Bank were now about to make a firm offer to the Persian Government, M. Sazonow having expressed his concurrence in the proposed transaction. M. Argyropoulo said that the details of the transaction were fully known to him. He raised no objections whatever, but observed that he could not say when the conversion of the Russian Bank's debt would be concluded, as the Russian Government had no definite information on the subject.

The Russian Government therefore concur in the proposed transaction, provided of course that the conversion of the Russian Bank debt is first concluded.

[40185]

No. 214.

Mr. O'Beirne to Sir Edward Grey.—(Received November 4.)

(No. 298.)

(Telegraphic.) P.

St. Petersburg, November 4, 1910.

SOUTHERN roads in Persia.

M. Argyropoulo has telegraphed to the Russian Minister at Tehran to delay acting on his instructions as to a reply to the last Persian note respecting the southern roads. M. Argyropoulo informed me that he had telegraphed in this sense in compliance with a request made by you to the Russian chargé d'affaires in London.

His Excellency expressed some doubt, however, whether the Russian Minister in Tehran would receive his later instructions in time.

[40186]

No. 215.

Mr. O'Beirne to Sir Edward Grey.—(Received November 4.)

(No. 299.)

(Telegraphic.) P.

St. Petersburg, November 4, 1910.

IMPERIAL Bank of Persia's loan.

Please see your telegram No. 666 of to-day's date.

I beg leave to express my regret that I had not understood your telegram No. 661 of the 8th instant to mean that I was to request the Russian Government to renounce their desideratum as to the previous conclusion of the conversion of the Russian Bank's debts.

I will now endeavour to induce the Russian Government to do as desired.

[40168]

No. 216.

Sir Edward Grey to Sir G. Barclay.

(No. 324.)

(Telegraphic.) P.

DISTURBANCES at Shiraz.

Your telegram No. 438 of the 30th October.

His Majesty's Government have been requested by conjoint Jewish committee to support cause of restoration of order in Shiraz. French Government has also been urged by Alliance israélite to instruct French Minister at Tehran in same sense. Concert with him to take what action you can in matter.

Foreign Office, November 4, 1910.

[40183]

No. 217.

Sir Edward Grey to Sir G. Barclay.

(No. 325.)

(Telegraphic.) P.

BANK and mint.

Your telegram No. 448 of the 3rd November.

Imperial Bank of Persia will make no demand for immediate repayment. Nothing will be published.

Foreign Office, November 4, 1910.

[40065]

No. 218.

Sir Edward Grey to Mr. O'Beirne.

(No. 666.)

(Telegraphic.) P.

PERSIAN loan.

Your telegram No. 296 of the 3rd November.

Is it to be understood that Russian Government do not insist on previous conversion of their debts, and that their consent to proposed loan is unconditional?

Foreign Office, November 4, 1910.

[40179]

No. 219.

Sir Edward Grey to Mr. O'Beirne.

(No. 667.)

(Telegraphic.) P.

BANK'S loan to Persian Government.

Your telegram No. 297 of to-day.

We wish to obtain the assent of the Russian Government to bank's making firm offer for loan immediately, without awaiting conversion of debt to Russian bank. Unless this is done either some other house will step in or the bank will conclude the business in spite of our dissent.

Foreign Office, November 4, 1910.

[39398]

No. 220.

Sir Edward Grey to M. de Etter.

THE Secretary of State for Foreign Affairs presents his compliments to the Russian chargé d'affaires, and, with reference to the *aide-mémoire* communicated on the 28th ultimo regarding the affairs of Persia, has the honour to state that it has never been a part of His Majesty's Government's proposals that the question of a surtax on the customs duties in the south should be connected in any way with that of providing a loan for the Persian Government. The surtax was to be raised with the sole object of meeting the expenses of organising the guards for roads in the south, the scheme for which has been communicated to and approved by the Russian Government.

Foreign Office, November 4, 1910.

[40202]

No. 221.

Sir G. Barclay to Sir Edward Grey.—(Received November 5.)

(No. 452.)

(Telegraphic.) R.

Tehran, November 5, 1910.

RUSSIAN Minister informs me that his Government are sending fresh troops to relieve those now in Persia.

I presume Russian Government have informed you of the proposed step.

[40259]

No. 222.

Sir G. Barclay to Sir Edward Grey.—(Received November 5.)

(No. 454.)

(Telegraphic.) P.

Tehran, November 5, 1910

JOINT advance to Persian Government.

In reply to your telegram No. 321 of the 3rd November, I have the honour to report that M. Poklewski has not heard anything further from St. Petersburg since Russian Government arrived at decision, which was reported in Mr. O'Beirne's telegram No. 221 of the 7th August.

[40327]

No. 223.

Mr. O'Beirne to Sir Edward Grey.—(Received November 5.)

(No. 300.)

(Telegraphic.) P.

St. Petersburg, November 5, 1910.

IMPERIAL Bank of Persia's loan.

I have seen M. Argyropoulo and have pressed strongly on his Excellency the reasons for which His Majesty's Government hope that the Russian Government will not insist on the conversion of the Russian debts preceding the proposed transaction by the Imperial Bank. I pointed out that the Russian Government have already agreed, in principle, to the present request of His Majesty's Government (see last paragraph of *aide-mémoire* from the Russian Government enclosed in my despatch No. 399 A of the 1st October).

M. Argyropoulo replied that he was unable to take upon himself the responsibility of giving me a categorical answer. But he promised to place my arguments strongly before the Acting Minister of Finance to-day. M. Argyropoulo rather discouraged the idea that I should see M. Weber personally, but undertook to inform him that should he desire to see me I was entirely at his disposition.

I warned the Acting Minister of Foreign Affairs that the Imperial Bank of Persia might act without your sanction if there were any delay. I am afraid, however, that I shall be unable to persuade his Excellency to take any responsibility in the matter in the absence of M. Sazonow. I left with his Excellency a written communication.

[40185]

No. 224.

Sir Edward Grey to Mr. O'Beirne.

(No. 668.)

(Telegraphic.) P.

Foreign Office, November 5, 1910.

PERSIA and Russia. Your telegram No. 298 of the 4th November.

His Majesty's Government much appreciate friendly action of Russian Government. Please inform Acting Minister for Foreign Affairs.

[40186]

No. 225.

Sir Edward Grey to Mr. O'Beirne.

(No. 669.)

(Telegraphic.) P.

Foreign Office, November 5, 1910

SEE your telegram No. 299 of the 4th November.

Proposed loan by Imperial Bank.

Bank must be left free to make a firm offer to the Persian Government.

The Russian Government must not ask or expect us to press upon them a course of action which would be suicidal, or to prevent them from taking this step, which is necessary in self-defence.

If necessary, Acting Minister for Foreign Affairs should be informed of our attitude in this matter.

[39755]

No. 226.

Sir Edward Grey to M. de Etter.

THE Secretary of State for Foreign Affairs presents his compliments to the Russian chargé d'affaires, and has the honour to acknowledge the receipt of his memorandum communicated on the 1st instant, giving an extract from a telegram addressed by the Acting Russian Minister for Foreign Affairs to the Russian representative at Tehran on the subject of the references to the presence of Russian troops in Persia, contained in the Persian Government's reply to the British note of the 14th October.

Sir E. Grey has the honour to inform M. Etter that he has not yet sent any reply to the Persian Government's note, and that when he does so, he will treat the point mentioned in M. Sazonow's telegram as irrelevant. At the same time, Sir E. Grey feels that unless the Persian Government is to be allowed to collapse completely, it is essential to press upon them some practical suggestions of means for restoring order in Southern Persia without involving a British occupation of territory. In replying to the Persian note Sir E. Grey will concentrate on this point.

Foreign Office, November 5, 1910.

[40322]

No. 227.

Sir F. Bertie to Sir Edward Grey.—(Received November 6.)

[By Post.]

(No. 96.)

(Telegraphic.) *En clair.**Paris, November 5, 1910.*

ZIL-ES-SULTAN has written to me to say that Persian Government have telegraphed that he has been appointed Governor-General of Fars, and have asked him to start at once. In view of state of things in Persia, he has decided not to return unless His Majesty's Government and the Russian Government recommend it and fully approve.

Zil-es-Sultan states that he has made similar communication to Russian chargé d'affaires, and he requests me to communicate with latter and with His Majesty's Government, and to let him know what he should do.

In the event of his receiving approval and assurances of the two Governments, he would do his best to restore order in co-operation with Persian Government and in the interest of two Governments, their subjects, and their trade.

[40331]

No. 228.

Sir G. Barclay to Sir Edward Grey.—(Received November 6.)

(No. 455.)

(Telegraphic.) P.

Tehran, November 6, 1910.

SHIRAZ situation.

In accordance with instructions contained in your telegram No. 324 of the 4th November I consulted with my French colleague, but after discussing the matter with him I do not see that I can do more than I have already done to bring about the restoration of order. (Please refer to my telegrams Nos. 438 and 451, dated respectively the 30th October and the 4th November.)

I am, in concert with French chargé d'affaires, recommending the Persian Government to come to the relief of the ruined Jewish population in Shiraz.

[40328]

No. 229.

Mr. O'Beirne to Sir Edward Grey.—(Received November 6.)

(No. 301.)

(Telegraphic.) P.

St. Petersburg, November 6, 1910.

RUSSIAN attitude towards scheme for loan to Persian Government by Imperial Bank.

I am informed by M. Argyropoulo to-day that he is as yet unable to give me any reply. It is evident that he wishes to gain time until the 8th November, when M. Sazonow will have returned to St. Petersburg; but I am again urging upon his Excellency the need of an early decision, and am asking for an interview with him to-morrow morning on the subject.

[40329]

No. 230.

Mr. O'Beirne to Sir Edward Grey.—(Received November 6.)

(No. 302.)

(Telegraphic.) P.

St. Petersburg, November 6, 1910.

LOAN to Persian Government by Imperial Bank of Persia: please refer to my telegram No. 301 of to-day.

I have now received a letter from M. Argyropoulo acquainting me with the views of the Acting Minister of Finance, who is most anxious that the debts of the Persian Government to the Russian Bank should be converted, and expresses the opinion that this operation should be effected before or, in any case, at the same time as the Imperial Bank's conversion of the debts due to them. It is therefore impossible, M. Argyropoulo states, for him to take upon himself the responsibility of agreeing to what I asked, but he suggests that the "twofold financial operation" would be most promptly carried through if M. Poklewski received the energetic support of his British colleague, and that both banks would benefit thereby.

In my conversation with his Excellency yesterday I referred to the conversion scheme, a draft of which was telegraphed to St. Petersburg for approval, as reported in Tehran telegram No. 425 of the 27th ultimo, and on my enquiring whether the Russian Government were satisfied with its terms, his Excellency said that the draft would have to be modified in one or two particulars.

A further report will be telegraphed to you after I have seen his Excellency to-morrow morning.

[40353]

No. 231.

Mr. O'Beirne to Sir Edward Grey.—(Received November 7.)

(No. 429.)

Sir,

St. Petersburg, October 28, 1910.

I HAVE the honour to report that, in accordance with the instructions contained in your telegram No. 650 of the 26th instant, I yesterday informed the Acting Minister for Foreign Affairs verbally of the application made by the Persian Government to the Imperial Bank of Persia for a loan, and of the Imperial Bank being disposed to accede to the application. I explained that the proposed transaction consisted in the conversion of the debt due to the bank by the Persian Government to a 5 per cent. sterling loan of about 1,200,000*l.*, redeemable in from thirty-seven to forty years, and secured on the southern customs. I added that the Imperial Bank were, of course, aware that the transaction must not be concluded until the conversion of the Persian Government's debts to the Russian Bank had been effected.

M. Sazonow stated that he saw no objection to the transaction.

I have the honour to enclose a copy of an *aide-mémoire*, which I sent to the Acting Minister for Foreign Affairs immediately after our interview.

I have, &c.

HUGH O'BEIRNE.

Enclosure in No. 231.

Aide-mémoire communicated to M. Sazonow.

APPLICATION has now been made by the Persian Government to the Imperial Bank of Persia for a loan, and the Imperial Bank are disposed to accede to this application. The proposed transaction is similar to that which has been recently under discussion between Messrs. Seligman and the Persian Government, viz., the conversion of the Persian Government's debts to the Imperial Bank of Persia to a 5 per cent. sterling loan of approximately 1,200,000*l.*, the security to be a first lien on the Southern Persian customs. The proposed loan would provide for redemption in from thirty-seven to forty years.

The Imperial Bank are, of course, aware that the conversion of the Persian Government's debts to the Russian Bank must be effected before the present transaction is concluded.

St. Petersburg, October 14 (27), 1910.

[40357]

No. 232.

Mr. O'Beirne to Sir Edward Grey.—(Received November 7.)

(No. 434.)

Sir,

St. Petersburg, November 1, 1910.

I HAVE the honour to report that M. Sazonow, in the course of a conversation which I had with him on the 30th ultimo, referred to the question of the withdrawal of the Russian troops from Kazvin, and said that he wished to correct a misunderstanding. He had noticed from despatches, meaning, I presume, despatches from M. de Etter, that His Majesty's Government appeared to think that Russia attached only two conditions to the withdrawal: the conditions relating to automobiles on the Enzeli Road and to the Karadagh copper mines. There had, in reality, always been a third condition, connected with the Cossack brigade. The Russian Government had certain grievances regarding the brigade, which they wished to see remedied, and their demands included, he thought, a certain strengthening of the force.

I said that I thought his Excellency had latterly spoken to me of two conditions only. M. Sazonow replied to the effect that he had always meant to refer to three conditions, and I thought that nothing was to be gained by insisting further on the point, the more so as I was of course aware that stipulations regarding the Cossack brigade had at one time been put forward by the Russian Government. I see, however, on reference to my telegram No. 270, of the 28th September last, that the Acting Minister of Foreign Affairs on that day alluded to "two conditions, and I must add that I have no recollection whatever of M. Sazonow or M. Isvolsky having mentioned the Cossack brigade to me for some months past. It seems not unlikely that the question of strengthening the force has now been raised in connection with the British demands regarding the southern roads, as M. Poklewsky suggested to Sir George Barclay might be the case. (Sir G. Barclay's telegram No. 389 of the 29th September.)

I have, &c.

HUGH O'BEIRNE.

[40359]

No. 233.

Mr. O'Beirne to Sir Edward Grey.—(Received November 7.)

(No. 436. Confidential.)

Sir,

St. Petersburg, November 2, 1910.

WITH reference to my despatch No. 432 of the 30th ultimo, I have the honour to state that I called yesterday on M. Isvolsky and had some conversation with him regarding the forthcoming negotiations at Potsdam. His Excellency said, referring to the future railway from the Turco-Persian frontier to Tehran, that it would be difficult for Russia to construct it, because there was no prospect of obtaining kilometric guarantees from the Persian Government, as the Germans had done in Turkey. He had therefore suggested to M. Sazonow that he might negotiate for a kind of Russian

[40355]

No. 231*.

Mr. O'Beirne to Sir Edward Grey.—(Received November 7.)

(No. 432. Very Confidential.)

Sir,

St. Petersburg, October 30, 1910.

I HAVE the honour to report that I saw the Acting Minister for Foreign Affairs yesterday on the eve of his departure for Germany, and that he spoke to me further regarding the approaching negotiations at Potsdam.

His Excellency commenced by remarking that the discussion concerning Persian railways would necessarily be "academic," in the sense that there was from the financial point of view no possibility of railways being built in North Persia for many years to come. I replied that it was also the view of His Majesty's Government that there was no present question of building railways in Persia. It was only a question of ear-marking concessions for them.

Going on to speak of the details of the negotiations, M. Sazonow said that if the negotiators on the German side touched on the subject of the neutral zone in Persia he would at once decline to go into it, on the ground that it was a question in which England was concerned, and that he could not discuss it without previous consultation with His Majesty's Government. As regards the Russian sphere he did not intend to mention Great Britain, although he recognised his obligations to His Majesty's Government in that respect also, because he thought that to do so would unfavourably dispose the German negotiators. He would, however, state, as was the fact, that it was quite impossible for him to conclude anything regarding this sphere until after he had returned to St. Petersburg and had an opportunity of consulting the Finance Minister and other members of the Government.

He had, proceeded M. Sazonow, been thinking very carefully over these negotiations, and his fear was that he had no sufficient *quid pro quo* to offer to Germany in return for what he was going to ask from her. He was going to ask that she should engage not to apply to the Persian Government for concessions of a territorial character in the Russian sphere; that is to say, he was asking her to abstain from doing what she had a perfect legal right to do. He was also, he should tell me, going to ask that Germany should agree not to build any railway in the future connecting with the Persian railway system at a point north of Khanikin. This was a matter of importance to Russia from strategic considerations. What had he to offer in return for these demands? He could offer to engage that if and when the railway from Tehran to the Turkish frontier was built Khanikin should form the point of junction with the Bagdad railway system. That was what Germany desired, but as a concession it did not amount to much. I said, what else did Germany ask? M. Sazonow replied that he supposed that she would ask for participation in the contract connected with the construction of the future railways, and here he was ready to meet her. He was prepared to give her a participation, even to the amount of 30 per cent., in the supply of materials ("fournitures") for the future lines, although, he remarked, he was aware that His Majesty's Government objected to such participation (as regards the British sphere). I said that I was under the impression that you did not exclude the idea of some share of the contracts going to Germany. The essential thing for Russia, M. Sazonow said, was that the railways in the north should be a Russian enterprise ("sous le drapeau russe").

There were, then, these two concessions which he had to bargain with—the junction of the two railway systems and participation in the supply of materials. Were they, M. Sazonow asked, sufficient to induce Germany to renounce the right of herself seeking for a concession to build a line to Tehran? He appeared extremely doubtful on the point. He was aware that the German Government had intimated that they would not seek for concessions embarrassing to the two Powers, but that intimation had not been made unconditionally, and, besides, his Excellency said, did I suppose that the German Government would let it stand greatly in their way?

I suggested to his Excellency that he could point out to the German Government that Great Britain and Russia had exclusive political interests in Persia, which had always been recognised on all hands. The two Powers had given a warning to the Persian Government, which was really a public warning, to the effect that they could not admit certain kinds of concessions being given to subjects of other Powers, and Germany had practically acquiesced in the principle thus laid down. M. Sazonow, while appearing to agree that he could speak in that sense at Potsdam, showed a

[1761]

2 G*

certain amount of anxiety and pessimism as to the result of the negotiations. No allusion was made in the course of our conversation to the possibility of Germany asking for Russia's definite assent to the principle of the Bagdad railway scheme, though I daresay that his Excellency may have had such a possibility in his mind. The French Ambassador has, however, informed me that M. Sazonow has intimated to him that he will avoid committing himself in regard to that question ("qu'il réserverait la question").

I have, &c.
HUGH O'BEIRNE.

option in regard to the line, under which Russia should agree that if she did not construct the railway within a specified number of years Germany would regain her liberty of action in the matter. I may observe that M. Sazonow, in discussing the subject with me, did not speak of Russia binding herself to construct the railway within any specified time. He defined the obligation which Russia was prepared to undertake as being that, "if and when" the railway was constructed by Russia, Khanikin should be the point of junction with the Bagdad Railway system.

M. Isvolsky went on to say that he did not believe that Germany had in reality the remotest intention of building any railway in Persia. She had financial difficulties enough with the Bagdad line. Her object was simply to exert "une pression politique." I said that I should like to hear what it was precisely that Germany wished to attain by such pressure. I understood in a general way that, as M. Sazonow had remarked to me lately, Germany aimed at detaching Russia from the western Powers; but what were the exact arrangements to which she wished Russia to consent?

M. Isvolsky replied that, as regards Russia's general foreign policy, its lines were definitely fixed, and they would not be changed, although Germany might try to change them. As regards Persia, the German Government had always made it clear to him as Minister of Foreign Affairs that they would be willing to show themselves accommodating, but that they wished to adopt that attitude as the result of an agreement with Russia, and not as the result of an agreement come to between Russia and Great Britain to which Germany was not a party. It was, however, not certain, M. Isvolsky added, whether Herr von Kiderlen-Wächter would take the same line as his predecessors, or whether he would prove more exacting.

I have, &c.
HUGH O'BEIRNE.

[40443]

No. 234.

Sir G. Lowther to Sir Edward Grey.—(Received November 7.)

(No. 801.)

Sir,

Pera, November 2, 1910.

WITH reference to my despatch No. 777 of the 26th ultimo, reporting the hysterical outbursts caused by the first and exaggerated versions of the contemplated proposals of His Majesty's Government for policing the Bushire-Ispahan road, I have the honour to report that the excitement, which was partly artificial, has now considerably calmed down. I have caused the real facts of the case to be explained to most of the editors of the native press and to some influential members of the committee. Both the latter and the Germans seem now somewhat embarrassed, especially concerning the speech of Obeidullah Effendi and the telegram to the German Emperor. His Majesty's reply was awaited with a certain curiosity, but I am informed from German sources, as also by the Persian chargé d'affaires, that it has not reached its august addressee. I fancy this version is merely intended to explain the absence of the expected reply and action of His Majesty. Another rumour put about by the Germans is that the whole incident was the result of a British intrigue to put the German Emperor in an embarrassing position, and damage German prestige by their unavoidable failure to respond to the appeal.

An important local organ, the "Sabah," has published a couple of historical and reasoned articles on the subject from the pen of an influential Armenian, and it must be remembered that the Armenians have never forgiven William II for his speech at Damascus and his friendly visit to Abdul Hamid shortly after the massacres. One of these articles shows that the Morocco agreement resulting from the Emperor's dramatic visit to Tangier did not obtain for the Moroccans any better terms than those already secured to the Persians by the Anglo-Russian Agreement of 1907.

It is perhaps noticeable that the Persian Minister in Berlin is about to be transferred to Constantinople, and, as pointed out before, it is not improbable that the Germans may be advising the Young Turks to reply to the British action, should the necessity for the latter arise, by some further advance in West Persia. Such an advance must, however, almost necessarily be confined to the northern or Russian sphere, and it is difficult to see how the Turks are to go beyond the area already under their influence without compromising the existence of Persia. Despatches from Van point to their consolidating their position by the appointment of military officers as kaimakams at Ushun and Mawana, and four Turkish battalions are said to be

scattered through the "annexed" districts. I have reminded the Porte that the status of Kotur was settled by the Treaty of Berlin, and thus became international.
I have, &c.

GERARD LOWTHER.

[40372]

No. 235.

Sir E. Goschen to Sir Edward Grey.—(Received November 7.)

(No. 305.)

Sir,

Berlin, November 2, 1910.

THE German newspapers, with very few exceptions, are at present working hard to place every word and every action of His Majesty's Government in Persia in the worst possible light, and to persuade their readers that the first steps towards the division of Persia between England and Russia have been made, and that the assurances given by His Majesty's Government on this point are not worth the paper they are written on.

The "Hamburger Nachrichten," never a very friendly paper to England, leads the van in this campaign against our Persian policy, while the "Kreuz" is not far behind. I have not as yet thought it necessary to trouble you with many press opinions upon the Persian policy of His Majesty's Government, but the latest article in the "Hamburger Nachrichten" is worth quoting, if only to show to what lengths misrepresentation can be carried by a German newspaper when it gives its mind to it. The article begins by saying that the tendency of the semi-official organs is to belittle the importance of the "British ultimatum," and more especially of the landing of British sailors in Persian territory, and to contest the accuracy of the supposition that these proceedings are the first step in the direction of the partition of Persia. It adds that the people who hold these ideas consider the assurances given by His Majesty's Government, with regard to the maintenance of Persian independence, to be of such a binding nature as to leave no doubt of their sincerity, and they regard the landing of British "troops" as a mere local affair necessitated by the circumstances of the case, and entirely justified by the unique position which Great Britain holds in the Persian Gulf.

After thus stating the case of the defenders of British policy the article continues:—

"We, ourselves, consider this view as optimistic, and are of the firm opinion that neither the British nor the Russian troops will ever be withdrawn from Persia. We hold that the marauding expedition, which was the ostensible ground for the landing of British troops, has every appearance of being 'a put-up job' ('eine bestellte Arbeit'). It will be remembered that the British ultimatum stated that British troops would be called in unless within three months the Persian Government restored order in Southern Persia. It is quite possible that subsequently the British Government thought fit, for some reason or other, to shorten the period laid down by the ultimatum, and, with this intent, manufactured a reason for intervention. The Persian Government naturally demanded the immediate withdrawal of the British sailors, but that, of course, will not help them much. The English Minister gave the laconic answer that the force would be withdrawn 'as soon as circumstances permitted.' That answer requires no comment. The British troops in Egypt were to be withdrawn 'as soon as circumstances permitted.' They are still there."

After calling attention to the fact that, as matters now stand, both British, Russian, and Turkish troops are standing in readiness to fall upon Persia, the writer of the article gives his opinion that Germany should carefully abstain from any interference in Persian affairs beyond that which is necessary for the defence of her commercial interests. "The Turks," he says, "are endeavouring to urge us in a contrary direction, and are doing all they can to persuade us that Germany, in her own interests and for the sake of her prestige in Turkey, must take the leading part in the Persian question. They point out that Germany must do one of two things: either she must, like Turkey, show in an unmistakable manner that she is determined to have her say in Persian affairs, or she must sacrifice her trade interests in that country and hand them over to England and Russia. We have sufficient confidence in the directors of our foreign policy to feel assured that no more attention will be paid to these suggestions than was given to the telegram from the Perso-Turkish league in Constantinople."

The writer concludes his article with a brief reference to the high-handed manner

in which the British and Russian Ministers extracted from the Persian Government the quarterly instalment of the ex-Shah's pension.

The "Kreuz" has also an article on similar lines, but, if possible, more offensive.

Count Reventlow, in the "Tageszeitung," also has an article on Persian affairs, and calls attention to the activity of England in the neutral zone. He, too, warns his readers against putting any faith in the assurances given by His Majesty's Government that no partition of Persia is contemplated; and to show how little assurances from that source are to be credited, points out that while in England it is pretended that the landing of troops at Lingeh was carried out at the request of a Persian official, the Persian Government is protesting against it with all its might. Count Reventlow makes a great deal of the fact that Lingeh is not even in the English sphere of influence, and points out, moreover, that the greater portion of the great trade routes, which Great Britain proposes to protect with Indian officers and troops, lie in the neutral and Russian zone. From all this he deduces that Great Britain is using the Persian Gulf as a basis for operations which are to have the effect of bringing the neutral zone under British domination. He observes that this is not uninteresting, because it proves that Great Britain's oft-repeated declaration, that owing to its propinquity to India she can suffer no other Power to obtain a footing in the Persian Gulf, is a mere cloak for her intentions to use the coast of the Gulf as a starting point for a "peaceful" British inroad into Persia.

In conclusion, he asks—and this is the keynote of most of the articles written here on the Persian question—how the Russians will relish the British conception of a neutral zone; and he observes that they will speedily realise that understandings with Great Britain differ from other international agreements in that they never remain in their original form, but are developed on the lines which Great Britain finds most advantageous for her own interests and purposes.

In view, I presume, of the impending visit of the Czar he reminds his readers that His Majesty once said to Prince Hohenlohe, who had spoken to him about the intention of His Majesty's Government to claim a certain group of islands: "Yes! The English always want everything for themselves. Whenever anyone else gets something the English are not happy until they get much more."

I have quoted at some length from these newspapers in order that you may have some idea of the attitude which the Pan-German press has taken up with regard to the Persian question, and see how anxious they are to make mischief between Great Britain and Russia. As it is only lately that they have adopted this violent tone, it is to be presumed that they consider the occasion of the Czar's visit and the presence of M. Sazonow in Berlin a fit opportunity for warning Russia of our evil intentions.

In this connection another prominent German paper says that Russia will scarcely relish the efforts which are being made by Great Britain to exclude her from the ice-free ports of Persia.

The following observations on the subject of M. Sazonow's visit are quoted from a paper which is sometimes used by the Imperial Foreign Office for semi-official communications:—

"Discussions on special questions will not be started from the German side. It will, according to diplomatic custom, be for M. Sazonow, as the guest of the German Government, to take the initiative. For instance, it is quite possible that he may raise the question of Persia, which is undoubtedly of all others the question of the day. In this case he will probably receive the assurances that Germany will do nothing to force Russia and England from the position they occupy in Persia, but that, on the other hand, a partition of Persia will meet with her strongest disapproval; that, on the contrary, the principle of the open door in Persia for all countries must be upheld."

In commenting upon this paragraph the paper which publishes it says that if in this very correct statement of German policy due emphasis is placed on the "must" of the last sentence, it is of the highest importance for German commercial circles to know what steps will be taken by the Imperial Government to secure the necessary guarantees that the principle of the open door will be effectively and absolutely upheld.

I have, &c.

W. E. GOSCHEN.

[1761]

2 H

[40375]

No. 236.

Sir E. Goschen to Sir Edward Grey.—(Received November 7.)(No. 307.)
Sir,

Berlin, November 3, 1910.

I HAVE the honour to transmit to you herewith translation of an article which has appeared in the commercial supplement of the "Berliner Tageblatt" regarding the effect which recent events in Persia will have on German trade there.

The article is valuable, not on account of any novelty in the views expressed therein, but as showing how the situation is regarded by business men here.

I am, &c.

W. E. GOSCHEN.

Enclosure in No. 236.

Extract from the Commercial Supplement of the "Berliner Tageblatt" of November 1, 1910.

THE PARTITION OF PERSIA AND GERMAN TRADE THERE.

(Translation.)

OUR correspondent in Constantinople writes to us as follows under date of the 27th October, 1910:—

If the threatened partition of Persia becomes an accomplished fact it will have very important effects on the whole of nearer Asia. Since the beginning of the constitutional struggle in Persia, which has now been going on for five years, it is true that the Persian market has lost much of its former importance for European trade, but it would recover it again directly peace and order are re-established. The representatives of European firms here only sell to Persian customers if they receive large payments on account. Trade intercourse with Persia is therefore at present in a far from flourishing condition. According to rumours repeated in the Persian colony here, the Persians intend to reply to the English ultimatum by boycotting English goods, as they have already done those of Russia. This boycott has caused great damage to Russian trade, and the Russian consular reports are full of complaints that Austrian and German goods are driving out Russian. Russian manufactures have been especially hard hit, for formerly they had a monopoly in North Persia, and even in South Persia competed with English manufactures. But now German wares are to be found everywhere. A boycott of English goods would of course have the same effect on their market as it has already had on the Russian. But since the Persians need the goods they must provide for themselves elsewhere, and for preference they will come to Germany.

On the 23rd October a meeting of Persians, Turks, &c., was held here to protest against England, and Germany and her Emperor were hailed as the only true friends of Mahomedans. The Persians are ardent patriots, and if political reasons prevent their buying Russian and English goods, the same reasons will make them buy German. But, unfortunately, German manufacturers cannot neglect the safety of their consignments for the sake of pleasing Persian patriotism.

The most important need for German and Austrian trade with Persia is the construction of methods of approach which shall be independent of Russia and England. The Russian railways in the Caucasus forward nothing, if we except tea, but Russian goods, so that this rapid and convenient method of communication with Persia is barred to all Europeans, who are thrown back upon the caravan route Trebizond-Erzoroum-Bayasid-Tabreez, or on the South Persian caravan routes from the Persian Gulf. If, then, the English really establish themselves in South Persia and the Persians reject their goods, then the English will certainly not scruple to impede the importation of other goods, in order to force a market for their own. German trade with Persia can only be rendered independent of English and Russian control by the construction of a railway from Erzoroum to Tabreez, and by the speedy completion of the Bagdad Railway and of a branch line from Bagdad to Hanik. But European trade will certainly have to wait a long time still for the first railway, as the cost of construction would be very high, and it would not pay well. Perhaps, though, events in Persia will hasten the construction of both these railways. For if the

Russians really settle permanently in North Persia and the English in South Persia, then Turkish sovereignty in the Eastern provinces will feel itself constantly menaced. English intrigues in Mesopotamia especially will be strengthened. If, therefore, the Turks wish to hold their ground in the east of their Empire then they must strengthen their control there, which can most easily be accomplished by the construction of a railway, by which they could dispatch troops at once into the threatened districts.

The recent mobilisation of two new army corps on the eastern frontier in Van and Mosul was explained by the War Office to be rendered necessary by the lack of methods of communication. It is, therefore, now probable that the Turkish Government at least will put no further difficulties in the way of the continuation of the Bagdad Railway, and that the section Trebizond via Rize to Erzoroum, which has already been designed so long, will at length be begun.

All the more justification exists for this hope since Germany is once more trumps on the Bosphorus, and the suspicions which the Young Turks at first felt about her policy have now quite disappeared. Business will certainly profit by this swing of the pendulum of public opinion.

[40565]

No. 237.

India Office to Foreign Office.—(Received November 7.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Viscount Morley, forwards herewith, for the information of the Secretary of State, copy of secret despatch to the Government of India dated the 4th November, 1910, regarding a scheme for the connection of the European and Indian railway systems by the construction of a line across Persia.

India Office, November 5, 1910.

Enclosure in No. 237.

Viscount Morley to Government of India.

(Secret.)

My Lord,

India Office, November 4, 1910.

I FORWARD, for the consideration of your Excellency in Council, copy of the papers regarding a scheme for the connection of the European and Indian railway systems by the construction of a line across Persia.*

2. As your Excellency is aware from previous correspondence, much importance is attached by the Russian Government to such a connection, and the subject is one which, in view of the friendly relations happily existing between the two Powers, must therefore engage the close attention of His Majesty's Government.

3. It is not necessary for me to examine the reasons that have led the Russian Government to desire the establishment of through railway connection with India, or to point out that some of them are wholly unconnected with the merits of such an enterprise from the commercial point of view, or with its immediate local consequences. It will, however, be upon these latter aspects of the question that your Excellency's Government will naturally concentrate your attention, and it is upon them that His Majesty's Government desire to have the benefit of your advice.

4. I request, therefore, that, bearing in mind the desire of His Majesty's Government to find themselves on common ground with the Russian Government, so far as they can do so consistently with their primary duty of ensuring Indian interests against all probable risks, you will take into your consideration the question of railway connection in general, and the particular proposal contained in the Russian memorandum, and will lay your views before me, to aid His Majesty's Government in shaping their decision.

I have, &c.

MORLEY OF BLACKBURN.

* Enclosures already printed.

[40579]

No. 238.

Sir G. Barclay to Sir Edward Grey.—(Received November 7.)

(No. 456.)

(Telegraphic.) P.

Tehran, November 7, 1910.

SOUTHERN roads and note to Persian Government of 14th October.

Please refer to Mr. O'Beirne's telegram No. 298 of 4th November, and received direct.

M. Poklewski acted on his instructions on 31st October, but his communication was made to the Under-Secretary through the legation dragoman on account of indisposition of Minister of Foreign Affairs.

If necessary, Russian Minister will take advantage of the occasion of presentation of my reply to the Persian note to repeat his communication in person to Minister of Foreign Affairs.

[40580]

No. 239.

Sir G. Barclay to Sir Edward Grey.—(Received November 7.)

(No. 457.)

(Telegraphic.) P.

Tehran, November 7, 1910.

IMPERIAL Bank of Persia's proposed loan to Persian Government.

Russian Government have sent an urgent telegram to Russian Minister enquiring whether Russian Bank's loan conversion would be prejudiced by the immediate conclusion of loan with Imperial Bank of Persia.

M. Poklewski has replied that he cannot guarantee that this would not be the case. He further stated that Russian Government could best facilitate matters by immediately approving Russian Bank's draft convention.

(Please refer to my telegram No. 425 of 27th October.)

[40507]

No. 240.

Sir G. Barclay to Sir Edward Grey.—(Received November 7.)

(No. 458.)

(Telegraphic.) P.

Tehran, November 7, 1910.

SITUATION at Shiraz.

In continuation of my telegram No. 451 of 4th November, I have the honour to report that His Majesty's consul-general at Bagdad is of opinion that a protest against my note regarding Bushire-Ispahan road of 14th October might be evoked if he were to approach the Ulema of Kerbela in the sense proposed.

In these circumstances I have asked him not to take any action.

[40620]

No. 241.

Mr. O'Beirne to Sir Edward Grey.—(Received November 7.)

(No. 304.)

(Telegraphic.) P.

St. Petersburg, November 7, 1910.

IMPERIAL Bank of Persia's loan.

Please see my telegram No. 302 of yesterday.

I had an interview with M. Argyropoulo this morning. As it is evident that he is not prepared to take any responsibility upon himself in the matter, I confined myself to informing him that it might not be practicable to delay the Imperial Bank's transaction, desirous though His Majesty's Government were of facilitating the Russian conversion scheme.

In the course of the interview I learnt that the latter is on a 6 per cent. basis, and that the desire of the Persian Government is to deduct the cost of the customs administration from the northern customs receipts; the question of the ex-Shah's pension, and that of the charge on the northern customs for the German school, are among the outstanding difficulties.

M. Argyropoulo laid stress on the great importance of the Russian financial interests involved in the Russian conversion scheme. His Excellency informed me

that telegraphic instructions had been sent to the Russian Minister to press the negotiations to a conclusion, and I said that you had already instructed His Majesty's Minister to give his support to his Russian colleague.

If the proposed transaction of the Imperial Bank can wait for a day or two, I have hopes that a reasonable view of the matter may be taken by M. Sazonow on his return from Germany.

[40594]

No. 242.

Sir Edward Grey to Sir G. Barclay.

(No. 327.)

(Telegraphic.) P.

Foreign Office, November 7, 1910.

YOU should endeavour to dissuade Persian Government from selling their shares in the Anglo-Persian Oil Company (see your despatch No. 7 of the 27th January) if the information which has reached the company of such an intention on the part of the company is correct.

[40001]

No. 243.

Sir Edward Grey to Sir G. Barclay.

(No. 328.)

(Telegraphic.) P.

Foreign Office, November 7, 1910.

SOUTHERN roads: Your despatch No. 192 of the 15th October.

It appears that your note in one passage goes further than was intended by me. On receipt of your telegram No. 406 of the 14th October I assumed that the terms of your note had been limited to the measures mentioned in that telegram, which formed the subject of correspondence between this Office and the India Office, copies of which have been transmitted to you, and which was on the same lines as arrangement made with you personally in July last. The Russian Government was also informed in writing of the course we proposed to adopt (Mr. O'Beirne, No. 355, of the 24th August). The proposed course was that His Majesty's Government, if order was not restored in three months, would feel obliged to insist that a force of 1,000 to 1,200 men should be levied. This force to be under the command of eight or ten officers from the Indian army.

The concluding passage in paragraph 4 in your note of the 14th October goes further than my telegram No. 289 of the 1st October and the despatch to Sir A. Nicolson of the 8th August to which you refer.

Telegram No. 289 does not so much as refer to the point, while my despatch No. 219 to St. Petersburg makes it clear that I had no desire to commit His Majesty's Government to a policy of active intervention. When, therefore, the press published reports that His Majesty's Government contemplated active intervention, an official communiqué was sent immediately to the newspapers categorically denying any such intervention. No doubt should exist that His Majesty's Government have in no way committed themselves to a decision to send any British force to police roads extending far into the interior of Persia; although, of course, they reserve to themselves the right to take any measures that may be necessary for the protection of British subjects or British trade.

[40322]

No. 244.

Sir Edward Grey to Sir G. Barclay.

(No. 330.)

(Telegraphic.) P.

Foreign Office, November 7, 1910.

ZIL-ES-SULTAN'S appointment.

Sir F. Bertie's telegram No. 96 of the 5th November.

What course do you think His Majesty's Government should adopt if Zil asks for assurances of some sort of protection?

[40322]

No. 245.

Sir Edward Grey to Mr. O'Beirne.

(No. 672.)

(Telegraphic.) P.

Foreign Office, November 7, 1910.

ZIL-ES-SULTAN'S appointment as Governor-General of Fars.

Sir F. Bertie's telegram No. 96 of the 5th November.

From Tehran telegram No. 433 of the 30th October we know that M. Poklewski and Sir G. Barclay approve. If Russian Government concur, we propose that Sir F. Bertie should be instructed to inform Zil-es-Sultan that his appointment would meet with the approval of His Majesty's Government. If they agree, you should request that their representative at Paris should be similarly instructed.

(Repeated to Paris, No. 392, and Tehran, No. 331.)

[39765]

No. 246.

Foreign Office to India Office.

Sir,

Foreign Office, November 7, 1910.

WITH reference to your letter of the 13th ultimo respecting the defences of the consular buildings at Bunder Abbas, I am directed by the Secretary of State for Foreign Affairs to inform you that the Lords Commissioners of His Majesty's Treasury have signified their consent to the charge against Imperial funds of one-half of the total expenditure involved in this matter, amounting to 376l. 13s. 4d.

I am, &c.

W. LANGLEY.

[40670]

No. 247.

India Office to Foreign Office.—(Received November 8.)

Sir,

India Office, November 7, 1910.

IN reply to your letter of the 11th June last, I am directed to forward, for the information of Sir Edward Grey, an extract of a despatch from the Government of India on the subject of the good service rendered by a detachment of the 110th Mahrattas at Shiraz.

I am, &c.

BEAUCHAMP DUFF.

Enclosure in No. 247.

Government of India to Viscount Morley.

(Extract.)

October 13, 1910.

THE question of the grant of the Indian Distinguished Service Medal to Subadar Khandu Jadhvi, 110th Mahrattas, as an appreciation of his good services while in command of the detachment, 110th Mahrattas, at Shiraz, is under consideration. His Excellency the commander-in-chief has also issued instructions for an entry to be made in the sheet roll of every man present on the occasion of the forced march to Shiraz, recording the fact that when on a distant detachment under difficult conditions their behaviour was such as to do credit to their regiment and to the Indian army. (With reference to paragraph 9 of military despatch No. 52, dated India Office, the 8th July, 1910).

We have, &c.

MINTO.

G. FLEETWOOD WILSON.

S. P. SINHA.

B. ROBERTSON.

J. L. JENKINS.

R. W. CARLYLE.

[40730]

No. 248.

Mr. O'Beirne to Sir Edward Grey.—(Received November 8.)

(No. 307.)

(Telegraphic.) P.

St. Petersburg, November 8, 1910.

SOUTHERN roads.

Please see last paragraph of Sir G. Barclay's telegram No. 456 of yesterday.

M. Argyropoulos informed me yesterday that the Russian Minister will make a more formal communication to the Persian Government than that of the 31st October at the same time as Sir G. Barclay makes his reply. M. Poklewsky's new communication is to conform to the communication to be made by Sir G. Barclay.

[40735]

No. 249.

Mr. O'Beirne to Sir Edward Grey.—(Received November 8.)

(No. 308.)

(Telegraphic.) P.

St. Petersburg, November 8, 1910.

IMPERIAL Bank of Persia's loan.

Please see my telegram No. 304 of yesterday.

I saw M. Sazonow this morning. He made the following proposal to me: The Imperial Bank should sign a loan contract at once with the Persian Government, but with the condition as to the previous conversion of the Russian debts. The Imperial Bank to make at once an advance of a portion (say, 50,000l.) of the cash accruing to the Persian Government. In this way there would be no danger of any other financial group than the bank securing the loan.

I pointed out to M. Sazonow that as the Persian Government would consider that they could obtain an unconditional loan from Seligmans they would refuse to sign such a conditional contract as his Excellency proposed. The latter discredited the idea of such an attitude on the part of the Persians. He showed me a telegram which he had received from the Russian Minister at Tehran, stating that it was thoroughly realised both by the Persians and Seligmans that a loan could not be contracted by the Persian Government until the Russian conversion scheme had been concluded. His Excellency said that the conversion was a matter of days.

I have laid your wishes as strongly as possible before the Russian Government. If some such arrangement as sketched out above cannot be accepted, I venture to think that it will be necessary to satisfy them that an unconditional loan is really on the point of being made by Seligmans or others, and that the transaction cannot be prevented except by the Imperial Bank making the offer of a loan, also unconditional. I am afraid that the Russian Government will otherwise consider that His Majesty's Government are not acting towards them handsomely.

[40736]

No. 250.

Mr. O'Beirne to Sir Edward Grey.—(Received November 8.)

(No. 309.)

(Telegraphic.) P.

St. Petersburg, November 8, 1910.

MEETING of the Emperors Nicholas and William at Potsdam; negotiations respecting Bagdad Railway and Persia.

I have been given the following information by M. Sazonow on this subject:—

No reference was made to the neutral zone.

M. Sazonow took no engagement in regard to the Russian sphere except one to the effect that Khanikin should be the point of junction between the future Bagdad system and any lines built in Northern Persia. No specified time was laid down within which Russia should be bound to start building lines in Persia. As regards supply of materials, no reference was made on the German side to the question of participation; but the German Government asked that the Russian Government should not institute differential rates.

As regards concessions in the Russian sphere of a territorial character, the German Government appeared to agree to what M. Sazonow asked of them. M. Sazonow had also stipulated, and the German Government had agreed, that if an

arrangement was arrived at between Great Britain and Germany in regard to the section of the railway from Bagdad to the Persian Gulf, the branch from Khanikin to join the main line at Sadijeh might be constructed by Russia. (I will not fail to verify this statement shortly, but I distinctly understood M. Sazonow to make this statement.) Further, it was agreed by the Germans that no line should be built by them terminating at a point north of Khanikin on the Turco-Persian frontier.

The German Ambassador here is to discuss these arrangements in detail with M. Sazonow.

As to the section of the Bagdad line between Bagdad and the Gulf, I was told by M. Sazonow that it was "all but said" to him by Herr von Bethmann-Hollweg that an understanding between Great Britain and Germany on the point was imminent. The language held to M. Sazonow by Herr von Kiderlin-Wächter had conveyed to his Excellency the same impression.

[40620]

No. 251.

Sir Edward Grey to Mr. O'Beirne.

(No. 673.)

(Telegraphic.) P.

Foreign Office, November 8, 1910.

THE Imperial Bank's offer will probably not be made for at least two or three days. I will keep you informed of anything that may occur. They might have to act without delay.

[40066]

No. 252.

Sir Edward Grey to Sir G. Barclay.

(No. 187.)

Sir,

Foreign Office, November 8, 1910.

I TRANSMIT to you herewith copy of a telegram from the Persian Minister for Foreign Affairs to the Persian Minister Resident at this Court* in regard to the non-payment till the 31st October of the pension due to the ex-Shah of Persia on the 22nd September, and of the reply which, on receipt of your telegram No. 447 of the 3rd instant, I addressed to Mehdi Khan.†

While fully appreciating the importance of your acting in full harmony with your Russian colleague wherever possible, and especially in such matters as the protocol of September 1909, signed by the representatives of the two Powers, I trust that no further occasion will arise which would necessitate the employment of gholams to press for payment. It would be desirable that His Majesty's Legation should not co-operate in steps of that nature. You should, if necessary, inform your Russian colleague of the view of His Majesty's Government in the matter, in order to forestall any further proposal of the same character which he might be inclined to put forward.

I am, &c.

E. GREY.

[40066]

No. 253.

Sir Edward Grey to Mirza Mehdi Khan.

THE Secretary of State for Foreign Affairs presents his compliments to the Persian Minister Resident, and, with reference to the telegram from the Persian Minister for Foreign Affairs of the 31st October, the text of which was communicated to this Office on the 2nd instant, on the subject of the non-payment till the 31st October of the pension due to the ex-Shah of Persia on the 22nd September, has the honour to state that he has now received from His Majesty's Minister at Tehran a report on the subject.

From this report, it appears that in his dealings with the Russian and British representatives in regard to this matter, the Persian Minister for Foreign Affairs never mentioned as constituting infringements of the protocol the questions of the banishment of Sheikh Mahmoud and Kamran Mirza, nor of the surrender of Crown jewels, nor of the return of documents relating to Mahomed Ali's estates. Nor did the Persian

* Communicated by the Persian Minister, November 2, 1910.

† No. 253.

Minister for Foreign Affairs give, as reason for the non-payment of the pension, the financial straits of Persia. As regards the alleged incitements by the ex-Shah of Turcoman tribes Sir G. Barclay reports that these allegations have by no means been proved, and Sir E. Grey would therefore point out that by the terms of the protocol they cannot be regarded as justifying a stoppage of the pension.

The two Ministers had repeatedly pressed the Persian Government to pay the pension, but without success. The protocol of 1909 being a matter of joint concern to the two legations, the two Ministers acted together in deputing a gholam each on the 29th October to press for prompt payment, till on the 31st October the pension was paid.

In conclusion, Sir E. Grey desires to take exception to the statement in the telegram from the Persian Minister for Foreign Affairs, to the effect that the financial embarrassments of the Persian Government are due to the two Powers. These embarrassments are due to circumstances entirely independent of any action of the two Powers, who, so far from increasing the difficulties of the Persian Government, have made them offers of assistance of which the Persian Government have not taken advantage.

Foreign Office, November 8, 1910.

[40797]

No. 254.

India Office to Foreign Office.—(Received November 9.)

Sir,

India Office, November 8, 1910.

I AM directed by the Secretary of State for India to invite the attention of the Secretary of State for Foreign Affairs to the arrangements arrived at between the Imperial Bank of Persia and the Persian Government so far as they relate to the Anglo-Indian debt from the latter, amounting on the 21st March last to the sum of 314,281l. 16s. 4d.

2. The arrangements in question are explained in clause 9 of the bank's agreement of the 26th May, 1910, and the letter addressed on their behalf to the Persian Minister of Finance, dated the 2nd June, 1910, of which copies were enclosed in the despatch No. 92 of His Majesty's Minister at Tehran, dated the 8th June, 1910.

3. The Earl of Crewe would be glad if it could be ascertained whether the system by which payment is to be made to the bank of the full net customs receipts of the Persian Gulf ports is now in operation, and whether this Office may shortly expect to receive the monthly payments of interest on the Anglo-Indian debt.

4. As regards the sums to be retained by the Imperial Bank of Persia for its services in regard to the loan, the Secretary of State is of opinion that for the three years ending the 20th March, 1913, the bank should retain 1 per cent. interest on the above-mentioned sum of 314,281l. 16s. 4d., and that, as regards the period the 21st March, 1913, to the 20th March, 1928, it will be necessary to draw up in due course a table similar to that of the original amortization scheme, and to allow the bank to retain each year one-fifth of the interest portion of the new annuity of 30,278l. 12s. 7d. The table would be drawn up in this Office.

5. I am to suggest that a communication should be addressed to the bank to this effect.

I am, &c.

R. RITCHIE.

[40770]

No. 255.

The Imperial Bank of Persia to Foreign Office.—(Received November 9.)

Sir,

25, Abchurch Lane, London, November 8, 1910.

WITH reference to our conversation of this morning, I have now the honour to forward for consideration an amended draft of the letter it is proposed to publish in the prospectus of the loan.

I have, &c.

T. JACKSON, *Chairman.*

[1761]

2 K

P.S.—The above is upon the understanding that the Government advance of 1903-4 is merged in the present loan, that it is stated in the prospectus to be a first charge upon the southern customs, but if otherwise some modification will have to be made.

T. J.

Enclosure in No. 255.

Amended Draft.

Sir,

Foreign Office, , 1910.

I AM directed by Sir Edward Grey to acknowledge the receipt of your letter of the , enclosing copy of a contract entered into between the Persian Government and the Imperial Bank of Persia for the issue of a loan of 1,250,000L. [? 1,500,000L.], bearing 5 per cent. interest and redeemable at par by means of a cumulative sinking fund of $\frac{1}{2}$ per cent., commencing in 1920 and extending over a fixed period of thirty-seven to forty years.

2. By means of the contract the Government of Persia have specially assigned to the service of the loan and as a first charge thereon all the customs dues of the ports in the Persian Gulf, including Mohammerah and Ahwaz, and have authorised the payment of these dues to the Imperial Bank of Persia or its agents, the bank undertaking to apply the net moneys so collected to meet the interest and sinking fund of the loan, and to pay over to the Persian Government any balance that may remain.

3. In the event of the customs receipts of the above-mentioned ports for any one month falling short of the amount required for the service of the loan, either for interest or amortisation, the Imperial Government of Persia binds itself to make good such deficiency from other sources of Government revenue not otherwise pledged at this date, and further, notwithstanding such extra provision, should receipts from these sources fall below the amount required for payment of the coupon on due date, the Imperial Government of Persia hereby empower and authorise the Imperial Bank of Persia or its agents to collect and control all customs dues of Bunder Abbas, Lingah, Bushire, Mohammerah, and Ahwaz for account of the bondholders until such time as existing arrears be liquidated.

4. I am to state that His Majesty's Government have taken cognisance of these arrangements, and have given directions that in case of default the representatives of the Imperial Bank of Persia charged with the receipt of the customs revenues at the ports of Bushire, Bunder Abbas, Lingah, Mohammerah, and Ahwaz shall receive from His Majesty's Legation and consulates such diplomatic support in the performance of these duties as occasion requires, and that the charge on the customs revenues specially assigned to the loan has been noted by His Majesty's Government.

It must be clearly understood that His Majesty's Government do not undertake any pecuniary liability.

I have, &c.

[40845]

No. 256.

Sir G. Barclay to Sir Edward Grey.—(Received November 9.)

(No. 459.)

(Telegraphic.) P.

Tehran, November 9, 1910.

ZIL-ES-SULTAN. With reference to your telegram No. 330 of 7th November.

Appointment of the Zil, notwithstanding telegram which His Highness states that he has received, is, I fear, very doubtful in consequence of strong opposition of Sardar Assad and others to it.

Provided Zil-es-Sultan proceeds as Governor-General to Shiraz, I see no objection to our giving His Highness assurances of friendly support and good offices.

M. Poklewski agrees.

[40736]

No. 259*.

Sir Edward Grey to Mr. O'Beirne.

(No. 676.)

(Telegraphic.) P.

Foreign Office, November 9, 1910.

POTSDAM meeting.

Please convey my cordial thanks to M. Sazonow for the communication contained in your telegram No. 309 of yesterday. His Excellency's account of the negotiations appears to me satisfactory.

The German references to an impending Anglo-German agreement concerning the Gulf section are interesting, since no progress has lately been made in regard to negotiations with Germany either about Persian or Bagdad Railways, and we have had no indication from the German Government of a desire to come to an agreement of this sort.

[1761]

2 K*

[40860]

No. 257

Sir G. Barclay to Sir Edward Grey.—(Received November 9.)

(No. 460.)

(Telegraphic.) P.

Tehran, November 9, 1910.

IN reply to your telegram No. 328 of 7th November, I very deeply regret that in my note of 14th October, regarding the disorders on the southern trade routes, I went further than was intended in threatening the Persian Government that in certain eventualities His Majesty's Government would be reluctantly compelled themselves to take such steps as might be necessary to secure the proper policing of the Bushire-Ispahan road.

I must with much regret admit that in drafting this note I trusted too much to my memory, and did not sufficiently study the papers in my possession regarding this matter. I was very anxious to make the Persian Government realise that it was imperative for them to make a serious effort to restore order; previous representations had been completely disregarded, and I therefore felt that it would be well to couch my note in peremptory terms. In my telegram No. 389 of 29th September I had pointed out that our scheme of road-guards might lead to an analogous demand from Russia for the north, that this would make it doubly difficult for us to push the scheme through, and that it might be necessary in order to attain our end to resort to active measures. Unfortunately, I understood reply in your telegram No. 289 of 1st October to mean that His Majesty's Government would not be deterred by the risk of having to have recourse to active measures, and I therefore gave what I now see was an exaggerated meaning to the word "insist," which was used when I discussed the matter at the Foreign Office last summer.

I also regret that my telegram No. 406 of 14th October should not have made clear the full import of my note. I dispatched that telegram before drafting my note, and it was not until I received your telegram No. 308 of 26th October that I realised the note had gone further than what was intended when it was decided last summer to threaten to insist after a given time on the execution of our scheme.

[40862]

No. 258.

Sir G. Barclay to Sir Edward Grey.—(Received November 9.)

(No. 461.)

(Telegraphic.) Decode.

Tehran, November 9, 1910.

RUSSIAN consul, Kerman, while travelling to Tehran, has been captured by robbers, with wife, two children, four Russian Cossacks, between Kabutarkhan and Rafsonjan.

St. Petersburg informed.

[40871]

No. 259.

Sir G. Barclay to Sir Edward Grey.—(Received November 9.)

(No. 462.)

(Telegraphic.) En clair.

Tehran, November 9, 1910.

MY telegram No. 461 of to-day.

Russian consul and party now reported to have reached Rafsonjan safely.

[40735]

No. 260.

Sir Edward Grey to Mr. O'Beirne.

(No. 677.)

(Telegraphic.) P.

Foreign Office, November 9, 1910.

SELIGMAN asked for our support, and on our refusal he has withdrawn. Such is the present state of affairs, but it will be impossible for me to prevent a renewal of negotiations with the Persian Government on the part of Seligman or any one else. If the Imperial Bank of Persia lose this opportunity, their lien on the customs may pass into alien hands. It is therefore essential that the bank should make a good offer, and that we should support them in securing their own position. With reference to

your telegram No. 308 of the 8th November, reporting M. Sazonow's statement that the conversion of the Russian Bank's debts is only a matter of days, if this is really so, I will see whether I can follow M. Sazonow's proposal. It is of the utmost importance that we should not allow the lien on the southern and Gulf ports to pass into alien hands, and that the Persian Government should obtain, from some source or other, sufficient money to enable them to restore order on the southern routes. Please express to M. Sazonow my hope that he appreciates the vital importance of these two points, and say that I am, of course, most anxious to avoid any step which might be detrimental to Russian interests.

[40992]

No. 261.

Imperial Bank of Persia to Foreign Office.—(Received November 10.)

Sir, 25, Abchurch Lane, London, November 10, 1910.
I HAVE the honour to enclose herewith, for your information, a translation of a telegram received by us yesterday from our Tehran office, and a copy of our reply of same date.

I have, &c.
G. NEWELL, Manager.

Enclosure in No. 261.

(1.)

Imperial Bank of Persia, Tehran, to Imperial Bank of Persia, London.

(Translation.)

(Telegraphic.)

Tehran, November 9, 1910.

PERSIAN Government ask advance 5,000,000 krans immediate, to be added present debt upon the same terms as exist. Must have money to-morrow. Can you authorise or make a firm offer by telegram, so that new loan may be settled, in which case Persian Government will still require advance at once?

(2.)

Imperial Bank of Persia, London, to Imperial Bank of Persia, Tehran.

(Translation.)

(Telegraphic.)

25, Abchurch Lane, London, November 9, 1910.

ADVANCE authorised, to be repaid from proceeds of loan to be issued by us. We are making progress. They may rely on our doing our best.

[40995]

No. 262.

Mr. O'Beirne to Sir Edward Grey.—(Received November 10.)

(No. 312.)

(Telegraphic.) P.

St. Petersburg, November 10, 1910.

PLEASE see your telegram No. 677 of yesterday: Imperial Bank of Persia's loan. I have spoken to M. Sazonow to-day in the sense of your above-mentioned telegram. His Excellency assured me that he completely understood the importance which His Majesty's Government attached to the maintenance of the existing lien on southern customs, but the information which reaches him from Tehran leads him to doubt that there is any serious danger of a course of action being taken by the Persian Government by which the position of the Imperial Bank would be endangered. The success of the Russian conversion scheme is of the greatest concern to the Russian Government. In the Ministry for Foreign Affairs, it is thought that there will be little difficulty with regard to the modifications which the Acting Finance Minister insists upon in the draft conversion scheme.

[40770]

No. 263.

Foreign Office to India Office.

Sir,

Foreign Office, November 10, 1910.

WITH reference to my letter of the 3rd November respecting the proposed loan to the Persian Government, I am directed by the Secretary of State for Foreign Affairs to state, for the information of the Earl of Crewe, that it has been strongly urged upon Sir E. Grey by the bank that to enable them to give good terms to the Persian Government as regards price of issue, &c., if a loan contract should be signed, it will be necessary for them to be able to publish a letter from this department in the published prospectus. A draft letter of the nature desired by the bank has been submitted in their letter of the 8th instant, copy of which is enclosed herein.*

Sir E. Grey is inclined to accede to the bank's request in principle, but would suggest—

- (a.) That paragraphs 2 and 3 of the draft letter should be omitted; and
- (b.) That paragraph 4 should be amended, so as to run as follows:—

"I am to state that His Majesty's Government have taken cognisance of the arrangements contained in the contract, and have given directions that in case of default the Imperial Bank of Persia shall receive from His Majesty's Legation at Tehran such diplomatic support as can properly be given to assist them in the discharge of their duties as specified in the contract, and that the charge on the customs revenues specially assigned to the loan has been noted by His Majesty's Government."

I am to request that I may be favoured with the Earl of Crewe's observations on this question at your early convenience.

I am, &c.
LOUIS MALLET.

[35373]

No. 264.

Foreign Office to Board of Trade.

Sir,

Foreign Office, November 10, 1910.

I AM directed by the Secretary of State for Foreign Affairs to transmit to you, for submission to the Board of Trade, copies of correspondence, as marked in the margin,† relative to a claim which has arisen in connection with the Muin-ut-Tujjar's concession for mining red oxide at Hormuz, in the Persian Gulf. To explain the nature of the claim, it is necessary briefly to recapitulate certain facts regarding the Muin's concession.

In 1907 it was generally supposed that the Muin's concession, which covered mining rights in Hormuz, was in perpetuity. The precise terms of the concession were not, however, known to His Majesty's Legation at Tehran. It was believed at the time that persons representing German interests were endeavouring to acquire a foothold in the Hormuz mining business. In order to prevent their endeavours from being successful, efforts were made by the Muin-ut-Tujjar's agents in England, Messrs. Ellinger and Co., of Manchester, with a measure of support from this department, to bring about the formation of a company in this country for the purpose of exploiting the red oxide deposits in the island. The Muin at this time came to His Majesty's Legation and exhibited to Abbas Kuli Khan, the Oriental secretary, a firman and rescript by the Shah which purported to be his concession, and which, in fact, made it appear that the concession was perpetual. In the general disorganisation of the Persian Government further confirmation was impossible, and Messrs. Ellinger, for the purposes mentioned above, were informed "that so far as His Majesty's Government are aware the concession to the Muin is in perpetuity. The firman and rescript confirming it have been seen at the British Legation at Tehran." This communication was to be regarded as private and confidential, and only to be shown to persons approved by the Secretary of State. Messrs. Ellinger and Co. failed in their efforts to

* No. 255.

† Messrs. F. C. Strick and Co., May 5 (A); Messrs. F. C. Strick and Co., May 13 (B); Mr. Marling, No. 72, May 14 (C); Messrs. Ellinger and Co., June 24 (D); to Messrs. Ellinger and Co., July 8 (E); Messrs. Ellinger and Co., July 26 (F); to Messrs. Ellinger and Co., August 19 (G); and Messrs. Ellinger and Co., September 29, 1910 (H).

form a company, but, with the approval of the Foreign Office, approached Messrs. Andrew Weir and Co., of London, and a contract was entered into between Messrs. Ellinger, Messrs. Weir, and the Muin for working the oxide mines at Hormuz and disposing of the mineral. A copy of this contract is enclosed in the annexed printed correspondence (Enclosure F), and the Board of Trade will see that, assuming the Muin's concession to be valid, it gave the monopoly rights to the oxide to Messrs. Weir and Co. pending the currency of the contract.

In the course of last winter the Muin's concession has been made the subject of investigation by a Persian commission conducted by Vekil-ul-Roya, the deputy for Hamadan, a man with a high reputation for integrity, ability, and patriotism. In an interview with Mr. Marling, then His Majesty's chargé d'affaires at Tehran, this gentleman has explained that the Muin's concession really expired in 1905. The document exhibited by him to Abbas Kuli Khan was in reality a supplementary firman which was granted to him in 1903, modifying certain terms of the original grant, but by no means extending its duration. The full circumstances of the apparent deception practised by the Muin, as explained by Vekil-ul-Roya, are set forth in Mr. Marling's despatch No. 72 of the 14th May (Enclosure C). The Muin-ut-Tujjar has strenuously denied the truth of these statements, but though repeatedly called on to produce the original text of his concession and prove its validity, he has steadfastly refused to do so. The Persian Government, considering that their hands were freed as a result of these disclosures, have sold oxide to Messrs. F. C. Strick and Co., of London, and the shipment of the mineral from Hormuz has already begun. The nature of their contract and the quantity of oxide sold can be seen in Enclosures A and B.

It should be mentioned that though the statements given by Vekil-ul-Roya have not been explicitly proved by the Persian Government, there can be but little doubt that they are substantially accurate. Circumstances into which it is unnecessary to enter have rendered it inadvisable hitherto to press them to furnish proof.

From the foregoing statement of facts the Board of Trade will see that Messrs. Ellinger and Messrs. Weir's interests have been gravely injured, and in their letter of the 24th June (Enclosure D), the former have formulated a statement of the damages the two firms have suffered for which they require compensation.

Against whom their claim lies cannot, as explained above, be precisely determined at this moment. If, as is most likely, the Muin fails to prove the validity of his concession, the claim will lie against him, but in view of the difficulty of securing justice in the Persian courts, it is evident that to obtain satisfaction for the claimants the assistance of His Majesty's Legation will be necessary. If, on the other hand, the Persian Government fail to prove that the concession lapsed in 1905, the claim will lie against them. The firms have been informed that in either case they may count on receiving the fullest measure of diplomatic support which His Majesty's Government can properly afford them.

As regards the actual statement of the claim, Sir E. Grey has elicited from Messrs. Ellinger supplementary explanations on certain points which appeared to require elucidation (Enclosures G and H). He feels, however, that the matter is one on which he should obtain expert technical opinion, and I am therefore instructed to request that you will submit this claim to the Board of Trade, and inform him whether, in their opinion, the claims are formulated on a correct basis, and whether the Board of Trade have any observations to make in regard to the separate items of which it is composed.

I am, &c.
LOUIS MALLET.

[42252]

No. 265.

Sir G. Barclay to Sir Edward Grey.—(Received November 21.)

(No. 194.)
Sir,

Tehran, October 29, 1910.

WITH reference to your despatch No. 96 of the 8th June, I have the honour to transmit a translation of a note from the Persian Government declining liability in the case of the killing of the two sowars of Mr. Bill's escort on the Shiraz-Ispahan road last spring, as well as a copy of my reply.

When sending me his note the Minister for Foreign Affairs intimated to me that the Persian Government, while declining to admit the principle of responsibility, would

be prepared to discuss in a friendly way the question of a compassionate grant to the families of the two sowars, and he has since stated the sum of 4,000 toman in all as the maximum that the Persian Government might be prepared to grant.

I presume that we are precluded from accepting these terms, both because to do so would involve the waiving of an important principle, and also because we could hardly accept less than Russia has demanded in similar circumstances, but I have felt bound to submit Hussein Kuli Khan's proposal, as it seems to offer the only chance of obtaining any satisfaction at an early date.

I should mention that the Persian Government, though they have admitted their liability in the case of the attack on M. Passek, have persistently refused to pay the compensation demanded of them, though I understand that the Russian Legation have managed to recover 5,000 toman by writing it off against money owed to the Persian Government by the legation.

I have, &c.
G. BARCLAY.

Enclosure 1 in No. 265.

Hussein Kuli Khan to Sir G. Barclay.

(Translation.)

October 13, 1910.

IN reply to your Excellency's note of the 23rd September last respecting the murder of two Indian sowars between Shiraz and Ispahan, I have the honour to state that, according to reports received from the Governor of Abadeh, when Mr. Bill was starting from that place he had especially told him that owing to the unrest amongst the tribes he should postpone his journey for a day, so that he may prepare for him a sufficient number of guards, but Mr. Bill did not agree, and even refused to put his journey off for two hours enabling the governor to prepare a sufficient number of guards. The latter, however, sent with him eighty road guards who were ready on the spot, and they got safely to Shulgistan. The next day, when there was every possibility of fresh disorders on that portion of the road, Mr. Bill, without giving information to the local authorities, finding out the condition of the road and asking for guards, returns to Abadeh.

In view of the above facts, your Excellency will admit that the local authorities had not failed in their duties, and that the incident had been the result of Mr. Bill's carelessness and haste. The governor had urged him to postpone his journey and wait for guards because he was anticipating such incidents. While expressing my deepest regret for this incident, I have now the honour to point out to your Excellency that Mr. Bill's haste and refusal to take notice of the local governor's earnest pressure have led to this incident, and have entirely removed the responsibility of the local governor.

I avail, &c.
HUSSEIN KULI.

Enclosure 2 in No. 265.

Sir G. Barclay to Hussein Kuli Khan.

Tehran, October 18, 1910.

I AM in receipt of your Excellency's note of the 13th instant with respect to the attack on Mr. Bill and the killing of two Indian sowars on the Shiraz-Ispahan road on the 15th April last, in which you endeavour to exonerate the Deputy Governor of Abadeh of all responsibility for this incident, on the ground that he endeavoured to induce Mr. Bill to postpone his departure for a day or two in order that he should provide a sufficient number of guards to ensure his safety.

Mr. Bill, in reporting the circumstances to His Majesty's Legation, stated that the deputy governor had not the slightest idea how to procure the proposed reinforcements, and it would have been impracticable for Mr. Bill to remain indefinitely at Abadeh. Moreover, Mr. Bill was actually accompanied from Abadeh by 12 local sowars, 25 local tufangchis, and 3 extra Persian Cossacks, in addition to his own escort consisting of 13 Indian sowars and 4 Persian Cossacks. It will therefore be seen that Mr. Bill's escort consisted of 57 armed men.

I am, however, in no way concerned as to the question whether or not the deputy

governor was responsible. The fact remains that one of His Majesty's consular officers while travelling on the high road in Persia was attacked and two of his consular escort killed. The Persian Government is obviously responsible for the security of its roads, and I must request that reparation for this outrage on a British consular officer and the killing of two of his escort may no longer be delayed.

I avail, &c.

G. BARCLAY.

[42253]

No. 266.

Sir G. Barclay to Sir Edward Grey.—(Received November 21.)

(No. 195.)

Sir,

Tehran, October 29, 1910.

I HAVE the honour to transmit herein, with reference to my telegram No. 402 of the 12th instant, copy of a despatch from His Majesty's acting consul at Kermanshah, reporting that the situation among the tribes has of late been considerably modified.

It will be seen from Mr. Knox's despatch that the present developments of tribal policy all appear to tend to the complete isolation of Daoud Khan, but that it seems improbable that any active movement will take place in the province of Kermanshah before next spring.

I have, &c.

G. BARCLAY.

Enclosure in No. 266.

Acting Consul Knox to Sir G. Barclay.

(No. 79.)

Sir,

Kermanshah, October 9, 1910.

WITH reference to my telegram No. 35 of the 6th October, I have the honour to report that the situation among the tribes west of Kermanshah is already considerably modified. From reliable reports which reach me here, it would appear that the Samsam-ul-Mamalek Sinjahi, the recently appointed Governor of Kasr-i-Shirin and the inveterate enemy of Daoud Khan, has, as a counter-stroke to the agreement between the latter and Amanullah Khan, son of the Vali of Pusht-i-Kuh, himself sent his son to Ibrahim Pasha, chief of the Jaf-i-Muradi, a powerful tribe established in Turkish territory, with a view to negotiating a defensive alliance directed against the Kalhars. Ibrahim Pasha has retained Samsam-ul-Mamalek's son with him, and has in return placed one of his own sons at the latter's disposal, promising him at the same time to give him the support of 3,000 sowars in case of need.

Owing to this move of the Sinjahi chief, the present developments of tribal policy all appear to tend to the complete isolation of Daoud Khan. The Vali of Pusht-i-Kuh has sent a very threatening message to him regarding his interference in the affairs of his tribe, to which Daoud Khan has replied disclaiming any hostile intentions towards the vali, and describing Amanullah Khan's visit as one of condolence on the death of his eldest son.

Nizam-es-Sultaneh, encouraged by this turn of events, has declared openly here that he cannot successfully carry on the governorship of this province until the continual menace of the Kalhars be brought to an end.

It is further to be expected that Nazr Ali Khan (Sardar Akrem), the only other considerable factor in local tribal questions, will be very cautious as to compromising himself in this matter, remembering the severe defeat which he suffered at the hands of the vali two years ago.

On the whole, it seems most improbable that any active movement should take place within the borders of the Kermanshah province before next spring.

I have, &c.

G. G. KNOX.

[41056]

No. 267.

Sir G. Barclay to Sir Edward Grey.—(Received November 11.)

(No. 196.)

Sir,

Tehran, October 29, 1910.

WITH reference to my telegram No. 417 of the 24th instant and my despatch No. 192 of the 15th October, I have the honour to transmit herewith a French translation (supplied to me by the Persian Foreign Office) of the note which I have received in reply to my note of the 14th October respecting the re-establishment of order on the southern roads.

I shall have the honour of forwarding an English translation by the next messenger.

I have, &c.

G. BARCLAY.

Enclosure in No. 267.

Hussein Kuli Khan to Sir G. Barclay.

(Traduction.)

M. le Ministre,

17 chavval, 1328 (21 octobre, 1910).

EN accusant réception à votre note du 10 chavval, 1328, concernant l'état des routes du sud, j'ai l'honneur de faire remarquer à votre Excellence qu'il serait juste et équitable que le Gouvernement de Sa Majesté britannique prenne en vue la situation critique du pays au jour où le nouveau régime fut rétabli et le Gouvernement prit le pouvoir en main, alors que le désordre et le manque d'organisation régnaient dans toutes les administrations, surtout dans celle des finances, et la sécurité publique était complètement ébranlée.

Malgré tous les obstacles qui surgissaient à chaque moment—tels que la présence des troupes étrangères dans le pays, qui, tout en inquiétant les esprits, servait de prétexte pour les intrigues des personnes profitant de l'anarchie de l'ancien régime, et tels que les événements de Gharadjedagh, d'Ardabil, de Zandjan, de Varamine, de Mazandaran, et autres qui occupaient les forces du Gouvernement sur certains points—la situation du pays s'est sensiblement améliorée.

Mais malheureusement les agissements de ceux qui trouvent leurs intérêts dans le désordre et l'anarchie de l'ancien régime n'ont pas complètement cessé et se manifestent encore dans certains points de diverses manières, entre autres : certains individus, après s'être livrés à des agissements coupables, se réfugient dans les légations ; puis se prévalent de leur protection et, se croyant ainsi à l'abri de la peine d'exil—qui, d'usage, suit le refuge dans les légations—se mettent à créer des foyers de conspiration à l'intérieur et à l'extérieur des légations.

D'autres encore, par des moyens dont l'illégalité de la plupart d'entre eux n'a jamais été contestée tels ceux qui s'attribuent abusivement la qualité de "protégé," se sentant à couvert, ne laissent pas de susciter des troubles et de tramer des complots.

De même que les personnes qui se font passer en apparence pour des sujets persans, mais, étant fort de leur nationalité étrangère, se livrent avec audace, en toute confiance, à des crimes, et ensuite, se déclarant sujets étrangers, se dérobent à la juridiction persane.

Comme ceux qui, incontestablement sujets persans, par des moyens illégaux et non reconnus prétendent être sujets étrangers et se donnent librement carrière à créer des désordres.

Ces faits, qui préoccupent vivement l'esprit du Gouvernement Impérial et qui sont la cause d'un état de surexcitation dans le pays, joints à la présence des troupes étrangères, encouragent les intrigues de ceux qui nourrissent l'illusion d'un retour à l'ancien régime.

Cet état de choses, outre qu'il attire toute l'attention du Gouvernement persan au point de vue de considérations d'ordre intérieur, est en même temps regrettable en ce sens que sa continuation pourrait porter préjudice aux intérêts commerciaux entre les sujets des deux pays dans les provinces du sud.

De l'avis du Gouvernement persan, la cause essentielle de cette situation déplorable, à part les raisons susmentionnées, est la conséquence du séjour des troupes étrangères, ainsi que la nécessité pécuniaire du Gouvernement Impérial—état légué par l'ancien régime.

Si donc la situation précitée, causée par la présence des troupes étrangères et les

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difficultés financières, disparaissait, la force dont dispose actuellement le Gouvernement serait suffisante pour maintenir l'ordre complet dans le pays, et le rétablissement de la sécurité dans les voies du sud n'aurait en lui-même aucune difficulté pour le Gouvernement persan.

Comme il est dit plus haut, c'est surtout le mauvais état des finances qui a empêché le Gouvernement d'atteindre son principal but, qui n'est autre que la parfaite sécurité du pays.

Aussi dans la note responsive du Ministère des Affaires Étrangères du 26 rabioul-avval, 1328 (7 avril, 1910), il a été porté à la connaissance de votre Excellence que le Gouvernement du nouveau régime, dès sa formation, dans un programme qu'il a soumis à la Chambre, réserva en première ligne à l'organisation du service de la sécurité des voies et communications une partie de l'avance et de l'emprunt qu'il avait en vue. Conséquemment les Ministres des Affaires Étrangères et des Finances d'alors entrèrent en pourparlers avec votre Excellence à cet effet.

Mais la réponse du 5 safar, 1328 (16 février, 1910), du Gouvernement de Sa Majesté britannique contenait de telles conditions pour cet acompte insignifiant que le Gouvernement Impérial ne put les accepter en raison de l'atteinte qu'elles portaient à l'indépendance du pays, dont le maintien est le devoir primordial de tout Gouvernement.

En considération de ce qui précède, le Gouvernement Impérial chercha par d'autres moyens à trouver les fonds qui lui étaient nécessaires.

Sur ces entrefaites, le Gouvernement Impérial reçut votre note du 3 rabioul-avval, 1328 (16 mars, 1910), ayant trait au syndicat international, qui causa des pourparlers et des échanges des notes, ce qui eut pour effet de retarder la réalisation du moyen de se procurer de l'argent destiné à faciliter le maintien de la sécurité sur les routes commerciales.

D'autre part, outre que les échanges des notes en question produisirent des effets qui causèrent des embarras au Gouvernement persan, ils créèrent en même temps dans le public des idées que la situation signalée dans votre dernière lettre en est le résultat.

Étant données ces considérations, l'esprit d'équité de votre Excellence admettra que si le nouveau Gouvernement n'avait pas eu dès le début tant de difficultés pour se procurer la somme qui lui était nécessaire, le maintien de l'ordre lui aurait été beaucoup plus facile qu'aujourd'hui.

Mais, malgré tout, le Gouvernement Impérial n'a cessé de poursuivre son but, et, pour y arriver, se propose actuellement de trouver l'argent nécessaire par le moyen suivant: Le Gouvernement persan est en pourparlers avec des maisons financières à l'effet de leur transférer avec un taux plus modéré la dette qu'il a envers la Banque Impériale; de cette manière il arrivera à se procurer la somme nécessaire pour mettre fin immédiatement à tous agissements et intrigues.

La garantie que le Gouvernement persan se propose d'affecter à cette dette, ainsi transformée, est la même qu'il avait fixée pour sa dette consolidée envers la Banque Impériale. De cette manière il ne sera porté aucune atteinte aux garanties des autres dettes du Gouvernement.

Et comme le Gouvernement attache une grande importance à la sécurité immédiate des voies commerciales, il juge très à propos que la plus grande partie des dépenses actuellement nécessaires pour l'augmentation de la sécurité des routes proviennent des fonds résultant de cette opération; et il donne en même temps des assurances au Gouvernement anglais que cette mesure financière ne portera aucun préjudice à l'emprunt des Indes, 1904.

Le Gouvernement persan est certain que, vu le souci montré par votre Gouvernement pour le développement du commerce, il voudra bien favoriser cette opération, qui est destinée surtout à la même fin.

Je ne crois pas de trop de faire remarquer à votre Excellence que, comme le Gouvernement persan ne pouvait recourir chaque année à un nouvel emprunt pour faire face à ces dépenses, il est de son devoir de créer une nouvelle source pour chaque nouvelle dépense; aussi, en ce qui nous occupe, la meilleure source dont la création puisse cadrer avec la situation et les circonstances présentes, et qui puisse procurer une partie de la somme nécessaire aux dépenses de gendarmerie, est justement celle concernant les 10 pour cent des droits de douane que votre Excellence signale dans sa dernière note.

Mais, comme la manière de procéder formulée dans la note précitée est contraire à la souveraineté du pays et peu conforme aux relations d'amitié et de bonne intelligence qui ont subsisté jusqu'à présent entre les deux États, le Gouvernement persan ne pourrait jamais et dans aucune circonstance y donner son assentiment.

D'autre part, le Gouvernement Impérial, prenant note du souci de votre Gouvernement au sujet des routes commerciales et en vue de concilier la sauvegarde de l'intégrité de la Perse avec la dissipation de l'inquiétude du Gouvernement de Sa Majesté britannique à cet égard, considère opportun que le Gouvernement Impérial perçoive ce droit de 10 pour cent pour améliorer l'état de sécurité.

Le Gouvernement persan demande donc, par l'entremise de votre Excellence, au Gouvernement de Sa Majesté britannique, de bien vouloir lui prêter son concours pour l'accomplissement de ce but et de vouloir hâter l'agrément de cette proposition, qui vise le développement du commerce et que le Gouvernement Impérial considère nécessaire pour la sauvegarde de la sécurité même signalée dans votre note.

En terminant, je dois, afin de constater que le commerce n'a subi aucune baisse, attirer l'attention du Gouvernement de Sa Majesté britannique sur l'augmentation extraordinaire des recettes des douanes du sud.

Tout en ne voulant pas nier entièrement que le mouvement du commerce entre les deux pays n'ait subi aucune entrave, je considère prouvé par les statistiques douanières que les sujets britanniques n'ont guère souffert de pertes réelles, et que, au contraire, l'augmentation de 100,000 tomans au cours de l'année Takhaghoui-il dans les revenus douaniers de la province d'Arabistan sur l'exercice précédent et l'augmentation considérable de l'année courante prouve bien que le commerce du sud n'a fait que provisoirement changer de voie.

En outre, le commerce d'importation dans toute la Perse s'est développé l'année dernière à raison de 19 pour cent sur l'année précédente (Pitchi-il), et que les cinq premiers mois de l'année financière courante accusent une augmentation de 20 pour cent.

Par suite des faits susindiqués, le Gouvernement Impérial est d'avis que les sujets étrangers n'ont pas lieu de se plaindre en ce qui concerne le commerce avec la Perse.

Veillez, &c.

HUSSEIN KULI.

[41084]

No. 268.

*Imperial Bank of Persia, Tehran, to the Imperial Bank of Persia, London.—
(Communicated by Imperial Bank of Persia, November 11, 1910.)*

(Translation.)

(Telegraphic.)

Tehran, November 11, 1910.

ACCEPTANCE advance depends on acceptance firm offer, absence of which made an unfavourable impression. In order to save situation have advanced krs. 1,000,000* mint, which meets with approval British Minister.

[41034]

No. 269.

Sir Edward Grey to Mr. O'Beirne.

(No. 680.)

(Telegraphic.) R.

Foreign Office, November 11, 1910.

ON 9th November Persian Government asked bank for immediate advance of 5,000,000 krans on same terms as and to be added to present debt. Bank assented on condition that advance should be repaid out of proposed loan. Persian Government declined condition, pointing out that they had not yet received any firm offer for loan. They nevertheless accepted advance of 1,000,000 krans.

Bank have been informed that we have no objection to their making advance up to 5,000,000 krans and firm offer for whole loan, but that we hope they will not sign definitive loan contract till after Russian conversion has been concluded.

Inform Russian Government.
(Repeated to Tehran, No. 334.)

* About 19,000*l.*

[40288]

No. 270.

Sir Edward Grey to Mr. O'Beirne.

(No. 299.)

Sir,

Foreign Office, November 11, 1910.

THE Russian chargé d'affaires called on the 2nd instant and left with Sir A. Nicolson the memorandum, of which a copy is inclosed,* regarding the alleged violation of the Persian frontier at Kotur by Turkish forces.

Sir A. Nicolson informed M. de Etter of the reports received on the subject from His Majesty's representatives at Constantinople and Tehran, adding that they tended to show that the news was either confounded or exaggerated. He said that perhaps it would be wiser to defer any instructions to the Ambassadors of the two Powers at Constantinople until more positive information had been obtained.

I am, &c.

E. GREY.

[40770]

No. 271.

Foreign Office to Imperial Bank of Persia.

Sir,

Foreign Office, November 11, 1910.

I AM directed by the Secretary of State for Foreign Affairs to acknowledge the receipt of your letter of the 8th instant, enclosing the draft of a letter to you from this department the text of which you desire to include in the published prospectus of the proposed Persian loan.

I am to state that Sir E. Grey has examined this draft, the terms of which do not appear to him to be altogether suitable. I am to forward to you the counter-draft of a letter which the Secretary of State would be willing to have forwarded to you for the purpose mentioned above, and which he believes would meet the requirements of the Imperial Bank of Persia.

I am further directed to inform you that Sir E. Grey would have no objection to your granting immediately to the Persian Government an advance of any sum up to 5,000,000 krans in the manner suggested in the telegram from your Tehran branch of the 9th November. He considers that such an advance would secure the bank's position as regards the larger loan contemplated; and while, therefore, he would have no objection to the Imperial Bank's making an immediate firm offer to the Persian Government for the loan, he hopes that the final contract will not be signed until the conversion of the Persian Government debts to the Russian Bank, which he is informed will shortly be completed.

The question as to merging the Government advance of 1903-4 in the proposed loan must be reserved for further consideration.

I am, &c.

A. NICOLSON.

Enclosure in No. 271.

Counter-draft.

Sir,

Foreign Office,

I AM directed by Secretary Sir E. Grey to acknowledge the receipt of your letter of the , enclosing copy of a contract entered into between the Persian Government and the Imperial Bank of Persia for the issue of a loan of 1,250,000L.† or 1,500,000L., bearing 5 per cent. interest, and redeemable at par by means of a cumulative sinking fund of $\frac{1}{2}$ per cent. commencing in 1920 and extending over a fixed period of thirty-seven to forty years.

I am to state that His Majesty's Government have taken cognisance of the arrangements contained in the contract, and have given directions that in case of default the Imperial Bank of Persia will receive from His Majesty's Legation such

* No. 191.

† If the Government advance of 1903-4 is merged the sum will be 1,500,000L., if not, it will be 1,250,000L.

diplomatic support as can properly be given to assist them in the discharge of their duties as specified in the contract, and that the change on the customs revenues specially assigned to the loan has been noted by His Majesty's Government.

It must be clearly understood that His Majesty's Government do not undertake any pecuniary liability.

I am, &c.

[41196]

No. 272.

Consul-General Cox to Sir Edward Grey.—(Received November 12.)

(No. 6. Confidential.)

Sir,

Bushire, October 23, 1910.

IN view of the insecurity of communication with Tehran, I am forwarding via London my report of this date to His Majesty's Minister on my recent proceedings at Mohammerah in connection with the delivery of the insignia of the K.C.I.E. and renewed assurances to the Sheikh of Mohammerah. I therefore have the honour simultaneously to submit a copy thereof direct to your address in order to avoid waste of time.

I have, &c.

P. Z. COX, Lieutenant-Colonel,
British Resident in the Persian Gulf.

Enclosure 1 in No. 272.

Consul-General Cox to Sir G. Barclay.

(No. 73. Confidential.)

Sir,

Bushire, October 23, 1910.

I HAVE the honour to report, for your information, the details of the action taken by me to give effect to the instructions conveyed in Foreign Office telegram No. 281 to your Excellency with reference to the delivery of the insignia of the K.C.I.E. and renewed assurances to the Sheikh of Mohammerah on behalf of His Majesty's Government. For this purpose I arrived at Mohammerah on the afternoon of the 13th instant in His Majesty's ship "Redbreast."

2. As regards the delivery of the insignia of a K.C.I.E. to Sheikh Khazal and the ceremony observed in connection therewith, I submit a copy of the report and accompaniments which I have addressed to the Secretary of the Most Eminent Order of the Indian Empire, Calcutta, and trust that the details of my proceedings will have your Excellency's approval. I may mention that, in order to give the Persian Foreign Office agent no excuse for telegraphing any misrepresentations to Tehran, I sent him immediately after the Durbar the record in Persian of the remarks addressed by me to the sheikh before presenting the decoration, and the sheikh took the same course in respect of his reply.

3. In the matter of the assurances I acted as follows:—

I took the unsigned drafts, in Persian and English, with me when visiting the sheikh on the 14th instant, accompanied by His Majesty's consul, and read them to him and Haji Rais, and explained the terms of them. It was then arranged that I should date and deliver the completed documents to the sheikh after the Durbar, and I had them with me, but no suitable opportunity occurred for handing them over, and the sheikh asked me to keep them until he called on me to say good-bye before proceeding up the Karun on the 18th instant. They were accordingly made over to him on that occasion.

The verbal explanation prescribed by His Majesty's Secretary of State to the effect that the sheikh must understand that circumstances might conceivably arise in which it would be impossible for us to intervene by force on his behalf, &c., was duly delivered to him in the presence of His Majesty's consul and Haji Rais.

As I anticipated, this reservation did not disturb Sheikh Khazal in the least. He replied that he quite understood it, adding that as long as he could feel assured that we really meant to safeguard him to the best of our ability in case of an emergency arising, it was sufficient for him; and that that feeling our present assurances now enabled him to enjoy.

[1761]

4. In this connection, however, he mentioned with some hesitation and, after begging that he might be pardoned for speaking perfectly frankly, that, while he knew that he must have received cordial diplomatic support from us in connection with his recent trouble with Vali Nazif Bey, yet he had felt rather "left," at the time, by my not arranging for one of His Majesty's ships to come up promptly when the Zain incident took place and there was a possibility of the vali following up his attack on his village by action against Failiyah or Mohammerah. In reply to this, I assured him that Mr. Wilson and I here, and the Foreign Offices in India and London, were vigilantly watching his interests; that it was thought that the premature dispatch of a ship might only prejudice the amicable settlement which it was so important to arrange, but that a ship was all the time waiting, under orders to proceed at a moment's notice, and would have come at once if our information from Bussorah or Constantinople had indicated that any further aggression was really likely.

I had my *dossier* of the case with me, and, in order to convince the sheikh of the complete sincerity of our attitude, I turned to Sir Edward Grey's telegram of the 9th May to Sir Gerard Lowther (No. 97), and ventured to explain the gist of it to the sheikh. On realising how thorough and frank had been the attitude of His Majesty's Government in safeguarding him against further aggression, he was more than reassured, and again expressed his deep sense of obligation for our support.

During the same interview he mentioned that the assurances as now given did not refer to the question of his customs or to our own probable attitude towards him in the event of the break-up of Persia.

These points were covered by items 5 and 6 of Foreign Office despatch No. 108, dated the 6th July, to Mr. Marling, and I disposed of them on the lines indicated by His Majesty's Secretary of State in that communication. The sheikh did not press them, saying that he was now greatly reassured by what we had given him, and most grateful for the document now vouchsafed.

As regards his customs, he ultimately made a fresh proposal or offer which requires dealing with separately on its merits. In fact, the whole question of the Mohammerah customs, by the light of eight years of the Belgian administration, needs bringing up to date, and I have asked Lieutenant Wilson to draw up a memorandum on the subject, and submit it with the sheikh's present proposal.

6. I should mention that on arrival at Mohammerah I found the Sheikh of Koweit in his launch, anchored at Failiyah alongside Sheikh Khazal's palace. It seemed to me that his presence at the presentation of the K.C.I.E. to his *fidus Achates* might be taken advantage of to revive the former reports crediting the two sheikhs with sinister Arab ambitions, to which we lent secret encouragement. I therefore had a talk with Sheikh Mubarak, who readily fell in with my views (in which Sheikh Khazal inwardly concurred), and spent the day of the ceremony at Bussorah, with Ahmed Zuhair Pasha, returning the morning afterwards.

7. I am sending this communication with enclosures (of which I attach a list) via London, with a copy to His Majesty's Foreign Office, and am also forwarding a copy to the Government of India.

I have, &c.

P. Z. COX, Lieutenant-Colonel,
British Resident in the Persian Gulf.

Enclosure 2 in No. 272.

Consul-General Cox to Government of India.

(Confidential.)

Sir,

Bushire, October 23, 1910.

IN continuation of my letter dated the 9th October, 1910, to your address, I have the honour to acquaint you that the insignia of a Knight Commander of the Most Eminent Order of the Indian Empire were duly delivered to Sheikh Khazal Khan, Sheikh of Mohammerah, in Durbar at his palace at Failiyah on the 15th instant, the ceremony being as follows:—

2. I proceeded from Bushire in His Majesty's ship "Redbreast," placed at my disposal by the senior naval officer, arriving at Mohammerah on the afternoon of the 13th October, soon after which I received a visit from Haji Rais at the consulate. On the 14th, accompanied by His Majesty's consul, I visited the sheikh to inform him of my mission, and to arrange the day and hour for the function and details of the ceremony to be observed.

It was arranged that the presentation of the K.C.I.E. should take place the following morning in Durbar at the Failiyah Palace at about 9 A.M., and the Persian Foreign Office agent, the headmen of the sheikh's various tribes, the European community, and various local officials and notables were invited by the sheikh, or summoned to be present. About 8 A.M. Lieutenant Wilson, His Majesty's consul, and I went on board His Majesty's ship "Redbreast," lying at the anchorage at Mohammerah; she then steamed up the river to Failiyah and anchored opposite the sheikh's palace. On her arrival there Sheikh Chasib, the sheikh's eldest son and heir, accompanied by Haji Rais, the sheikh's chief adviser, came on board officially to welcome me on behalf of his father, and on leaving His Majesty's ship, after a short interview, received for the first time the salute of five guns recently granted to him by the Government of India.

It was arranged with Sheikh Chasib that as soon as all those expected had arrived and taken their seats a bugle should be sounded on shore, to let us know that they were ready for us to land.

At about 9.30 A.M., the bugle having sounded, I landed, under my official salute, with His Majesty's consul, and Lieutenant-Commander the Honourable R. O. Bridgeman, with three of his officers, was good enough to support us. His Excellency the Sheikh, with his sons and chief retainers, received my party at the landing steps and conducted us to the Durbar hall. For this purpose the fine verandah in front of the palace had been fitted up. The floor was carpeted with Persian rugs, and the Durbaris were arranged in two long rows of seats, with the sheikh on one side and I myself opposite to him at the top of the other. At the head of the avenue between the sheikh and myself Sheikh Chasib and his three picturesque little brothers were seated, Oriental fashion, on the carpet.

If gossip and journalistic misrepresentation were to be avoided it appeared to me essential that the presentation of the insignia should be accompanied by some observations from me and a reply from the sheikh, and accordingly the terms of both had been discussed between us the previous day. It was considered that, in order not to touch Persian susceptibilities, the vernacular used should be Persian; and as the sheikh was shy of making formal remarks to an audience in that language it was arranged that our respective addresses should be read by my mirza and Haji Rais respectively, I delivering the former in English for the edification of the European community. Copies of both, in English and Persian,* are attached.

Having concluded my observations, I stepped across the verandah and affixed the insignia on the sheikh's robe. As I did so His Majesty's ship "Redbreast," by prearranged signal, fired his Excellency's salute of twelve guns, which was in due course returned from the shore.

His acknowledgment having been recited, we resumed our seats, and held further conversation while his Excellency's band discoursed music and refreshments were served to the guests. The sheikh had now lost any shyness which he may have started with, and enlarged upon his great appreciation of the honour done him and his great obligations to His Majesty's Government.

After a quarter of an hour's conversation I took leave and the Durbar broke up, the sheikh conducting me and my party to the landing stage, his band playing our National Anthem as we left.

On our returning on board, His Majesty's ship "Redbreast" steamed back to her anchorage at Mohammerah, and the proceedings thus terminated.

I informed the sheikh that the sanad or grant of His Majesty the King conferring the dignity was on its way from London by mail, and would be delivered to him in due course.

I have, &c.

P. Z. COX, Lieutenant-Colonel,
British Resident in the Persian Gulf.

Enclosure 3 in No. 272.

Remarks addressed to his Excellency Sheikh Khazal Khan, Sheikh of Mohammerah, on the occasion of presentation to him by the Resident in the Persian Gulf, on behalf of His Majesty's Government, with the Order of K.C.I.E. in Durbar at the Failiyah Palace on October 15, 1910.

Your Excellency,

IT is over a year now since I have had the pleasure of visiting you ashore, owing firstly to absence in Europe, and secondly to quarantine difficulties since my return.

* Persian not reproduced.

This has been a cause of regret to me, but I am very glad now to be able to visit your Excellency here in your palace at Failyah, and the pleasure of coming has been greatly enhanced by the auspicious nature of my present errand.

I am commanded by His Majesty's Government to announce to your Excellency that my august Sovereign King George V (may his kingdom endure) has been pleased to confer on you the high honour of a Knight Commandership of the Indian Empire, and I am on their behalf to present you with the insignia thereof.

This indication of good-will and esteem on the part of His Majesty's Government is conferred on your Excellency as a mark of their appreciation of your sustained efforts to preserve order and security for trade in the districts under your control, and thereby to assist the progress of civilisation and commerce. Unfortunately, as we all know, many districts in Persia have now for a long time been disturbed and trade routes interrupted. It is therefore all the more a matter of congratulation to you that this region has not fallen into a similar plight.

With this short preface, I will proceed to present your Excellency with the said decoration, and in doing so I need only add the hope that you may long be preserved to render loyal and patriotic services to your own Government and to continue, as in the past, to promote the cordial relations which have long existed between the Sheikhs of Mohammerah and the British Government, from the time of Sheikh Haji Jabir Khan until now.

Enclosure 4 in No. 272.

Terms in which his Excellency Sheikh Khazal Khan, Sheikh of Mohammerah, returned thanks for his presentation with the Order of K.C.I.E. on October 15, 1910.

(English translation.)

Your Excellency,*

I FEEL most grateful and proud at this indication of the favour of His Majesty King George V (may his kingdom endure). Well aware as I am of the cordial relations and sincere friendship existing between the British Government and my own, it is with great pride that I adorn my breast with this august decoration, and I pray God that the sincere friendship between the two Governments may be steadfast and enduring, and that the Almighty may ordain that I should render service and devotion to my own Government, so that by such means and by preservation of order and security in the limits and dependencies of my jurisdiction the safety of the trade routes and of internal and foreign commerce may be assured, and I may earn the approval of the British Government to an increasing degree.

I am grateful and obliged for your presence here to-day, and beg you to convey my most sincere thanks to the British Government for the great distinction now conferred on me.

Enclosure 5 in No. 272.

Consul-General Cox to the Sheikh of Mohammerah.

(After compliments.)

Mohammerah, October 15, 1910.

I HAVE the honour to intimate personally and in writing that I am authorised to inform your Excellency that whatever change may take place in the form of the Government of Persia, and whether it be Royalist or Nationalist, His Majesty's Government will be prepared to afford you the support necessary for obtaining a satisfactory solution in the event of any encroachment by the Persian Government on your jurisdiction and recognised rights or on your property in Persia. In like manner they will safeguard you to the best of their ability against an unprovoked attack by a foreign Power or against any encroachment by such Power on your said jurisdiction and recognised rights or on your property in Persia. These assurances are given for yourself, and are intended to extend to your male descendants so long as you and they shall not have failed to observe your obligations towards the central Government, and shall continue to be acceptable to your tribesmen, to be guided by the advice of His Majesty's Government, and to maintain an attitude satisfactory to them.

P. Z. COX, Lieutenant-Colonel,
British Resident in the Persian Gulf.

* Simply as a matter of etiquette he uses same style as I used to him.—P. Z. C.

Enclosure 6 in No. 272.

Consul-General Cox to the Sheikh of Mohammerah.

(After greeting.)

Your Excellency,

Mohammerah, October 15, 1910.

WITH reference to my official letter of to-day's date, I attach a duplicate of that letter and the assurances contained therein, with this exception, viz., that the words "to be acceptable to your tribesmen" are in the attached document omitted.

This is sent you in response to your Excellency's request for the assurances in a form which you could, if necessary, show to the headmen of the tribes under your control. May you be preserved.

Your sincere friend,
P. Z. COX.

Enclosure 7 in No. 272.

Consul-General Cox to the Sheikh of Mohammerah.

(After greeting.)

Mohammerah, October 15, 1910.

I HAVE the honour to intimate personally and in writing that I am authorised to inform your Excellency that whatever change may take place in the form of the Government of Persia, and whether it be Royalist or Nationalist, His Majesty's Government will be prepared to afford you the support necessary for obtaining a satisfactory solution in the event of any encroachment by the Persian Government on your jurisdiction and recognised rights or on your property in Persia. In like manner they will safeguard you to the best of their ability against an unprovoked attack by a foreign Power or against any encroachment by such Power on your said jurisdiction and recognised rights or on your property in Persia. These assurances are given for yourself, and are intended to extend to your male descendants so long as you and they shall not have failed to observe your obligations towards the central Government, and shall continue to be guided by the advice of His Majesty's Government, and to maintain an attitude satisfactory to them.

P. Z. COX, Lieutenant-Colonel,
British Resident in the Persian Gulf.

Enclosure 8 in No. 272.

Sheikh of Mohammerah to Consul-General Cox.

(After compliments.)

12th Shawwal (October 16, 1910).

THOUGH I expressed my gratitude in my speech at yesterday's gathering, I feel it necessary now to convey my thanks more fully for the various demonstrations of good-will and the benevolent advice with which I have been favoured during these three years past by your Honour and the high authorities of the British Government—signs which have been present alike during the struggle between the partisans of despotism and constitutionalism, in connection with the aggressive proceedings of the Vali of Bussorah at Kut-i-Zain (in regard to which question they found me to be in the right), in the increase of my salute as a personal distinction, and now in the bestowal of this present honour with its august insignia, and in other ways which are a source of encouragement to me. I feel the utmost gratitude and pride for these favours, and it goes without saying that my position in the future will be the stronger for them; while the prosperity of Mohammerah and its dependencies will be increased, and foreign commerce and enterprise promoted therein.

I beg that you will be good enough to communicate my representations to the high authorities of the British Government.

May you be preserved, &c.

(Seal of Khazal Khan.)

[41104]

No. 273.

India Office to Foreign Office.—(Received November 12.)

Sir,

India Office, November 11, 1910.

IN reply to your letter, dated the 31st October, 1910, enclosing copy of a draft contract and prospectus received from the Imperial Bank of Persia, relating to a proposed issue of a loan of 1,250,000*l.* on behalf of the Persian Government, and to your letters of the 3rd November and the 10th November respectively, forwarding further communications on the same subject, I am directed by the Secretary of State for India to offer the following observations:—

If the loan were issued, the debt due to the Imperial Bank of Persia would be discharged; the holders of the loan would stand in the place of the bank as creditors of the Persian Government; and that Government would be placed in possession of a considerable sum for administrative purposes. Lord Crewe sees no objection in principle to these changes, but, if they are to be carried out, it is evidently necessary to secure that adequate provision shall be made for safeguarding the rights which the British and Indian Governments enjoy as creditors in respect of the loan which on the 20th March last amounted to 314,281*l.* 16*s.* 4*d.* Two schemes for securing this are mentioned in the correspondence under reply:—

The first is that the charge on the southern customs in favour of holders of the new loan shall be subject to the charge already constituted in respect of the Government loan. If this alternative is to be adopted, the draft contract and draft prospectus forwarded with your letter of the 31st October will require modification. The draft contract describes the charge for the proposed new loan as subject to that for the Government loan, but, instead of providing that the charged customs receipts are to be applied in the first instance to the service of the Government loan, and thereafter to that of the proposed new loan, it states explicitly that they are to be applied to the service of the new loan, and that any residue is to be held at the disposal of the Persian Government. The draft prospectus quotes the provisions in the draft contract regarding the application of the customs receipts, and, without reference to the existing charge on them for the service of the Government loan, states that the service of the proposed new loan is to be the first charge on them. It is desirable that the contract and prospectus shall be so drawn up that the former shall provide explicitly for the application of the customs receipts to the service of the Government loan, in priority to the proposed new loan, and that the latter, especially if it is to be issued with the approval of His Majesty's Government, shall correctly recite the provisions of the contract recognising the priority of the Government loan and providing for the application of the customs receipts in accordance therewith.

The second alternative is that His Majesty's Government shall receive bonds of the proposed new loan in place of the book debt which stood at 314,281*l.* 16*s.* 4*d.* on the 20th March last. At 85 the amount to be received would be about 370,000*l.*, and, if it were provided (as seems proper) that the interest should be paid to His Majesty's Government direct, without the present deduction of 1 per cent. for the Imperial Bank of Persia, the change would not be financially unfavourable even on the assumption that it would involve the surrender of the lien on Caspian fisheries, posts and telegraphs. The interest to be received would be 5 per cent. on 370,000*l.* instead of 4 per cent. on 314,281*l.* 16*s.* 4*d.*; the amount to be received as repayment of capital would be the former instead of the latter sum; and the security would scarcely be worse, since the charge on the customs for the payments to the Government instead of ranking after a charge of 70,306*l.* a-year for fifteen years, as under the agreement of the 26th May, 1910, would rank as part of one consolidated charge amounting to 81,000*l.* a-year until the commencement of amortisation, and thereafter (assuming the sinking fund to be so constituted as to provide for the extinction of the loan in forty years from the commencement of its operation) to 94,410*l.* a-year.

If in all other respects satisfactory arrangements can be made for the proposed loan, Lord Crewe will have no objection to either of the alternative courses discussed above for safeguarding the existing claims in respect of the Government loan, provided that the Treasury undertake that, if the second alternative is adopted, they will make good to Indian revenues, as they are bound to do under the existing agreement, half of any loss due to failure on the part of the Persian Government to pay interest and capital at the agreed time.

But he shares Sir E. Grey's opinion that the retention of the clauses in the draft contract and prospectus, providing that no change shall be made in the Persian customs tariff, would be incompatible with a satisfactory arrangement. The objection to the clauses in question would disappear, or would, at least, be very materially reduced, if they were altered so as to provide that no alteration shall be made in the Persian tariff except with the concurrence of the British Government; and amended clauses of this nature would probably be as satisfactory to subscribers as those in the drafts.

It would also, in Lord Crewe's opinion, be very desirable to stipulate that the repayment of the loan by means of a sinking fund should not begin until, say, fifteen or twenty years after the date of issue, and should extend over a long period, say, forty years. The Persian Government would be able to buy bonds in the market within the periods specified, but the British and Indian Governments would have full power, if they so desired, to retain the bonds held by them until they were drawn for redemption under the operation of the sinking fund.

In view of what is said in your letter of the 10th instant, Lord Crewe concurs in the publication in the prospectus of the letter from His Majesty's Government amended as proposed by Sir E. Grey.

I am &c.

R. RITCHIE.

[41105]

No. 274.

Imperial Bank of Persia to Foreign Office.—(Received November 12.)

Sir,

25, Abchurch Lane, London, November 11, 1910.

I HAVE the honour to acknowledge the receipt of your letter of to-day's date. My directors desire to thank the Secretary of State for Foreign Affairs for the draft of the letter which you forward, and I am requested to send you, for information, the translation of a telegram we have dispatched to our chief manager in Tehran this evening.

I am, &c.

G. NEWELL.

Enclosure in No. 274.

Imperial Bank of Persia, London, to Imperial Bank of Persia, Tehran.(Translation.)
(Telegraphic.)*London, November 11, 1910.*

IN reply to your telegram of to-day make firm offer 5 per cent. loan at 87½ net to Persian Government, all charges paid by Imperial Bank of Persia, including settlement of claim of lottery syndicate.

[41280]

No. 275.

Sir G. Barclay to Sir Edward Grey.—(Received November 12.)

(No. 463.)

(Telegraphic.) Decode.

Tehran, November 12, 1910.

MY telegram No. 462 of the 9th November.

Further reports show that a portion only of Russian consul's caravan was captured. Consul, with his Cossacks, pursued robbers and recovered stolen property.

[41282]

No. 276.

Sir G. Barclay to Sir Edward Grey.—(Received November 12.)

(No. 464.)

(Telegraphic.) R.

Tehran, November 12, 1910.

MY telegram No. 434 of 30th October: Lingah.

Senior naval officer reports detachment being re-embarked 10th November.

[41287]

No. 277.

Sir G. Barclay to Sir Edward Grey.—(Received November 12.)

(No. 465.)

(Telegraphic.) P.
CABINET.*Tehran, November 12, 1910.*

I received a visit yesterday from Sardar Assad, who came to discuss the composition of a new Cabinet which he has in view. I understood that the post of Prime Minister would be filled by the Sipahdar.

In reply, I informed Sardar Assad that any Cabinet which offered some prospect of better relations with Russia would be welcome to me. He informed me that this was the object he desired.

His Excellency gave me the impression that the formation and overthrow of Cabinets lay pretty much in his hands.

[41288]

No. 278.

Sir G. Barclay to Sir Edward Grey.—(Received November 12.)

(No. 466.)

(Telegraphic.) P.

Tehran, November 12, 1910.

SOUTHERN roads.

With reference to my telegram No. 433 of the 30th October:

The desirability of the engagement of a certain number of Swedes to organise the road guards is, I hear, being considered by the committee which has recently been constituted to deal with the disorders in Southern Persia.

Yesterday Sardar Assad came to see me, and asked that the stipulated period of three months might be extended. In reply, I informed him that, unless His Majesty's Government were satisfied that Persian Government were taking efficient measures to cope with the disorders on the road, I could hold out no hope of postponing the execution of our scheme. It was therefore to the interest of Persian Government to draw up a scheme which would recommend itself to His Majesty's Government as likely to achieve the desired result. In conclusion I added, as my personal opinion, that the engagement of officers from the minor Powers was the course most likely to produce a good impression.

[41281]

No. 279.

Mr. O'Beirne to Sir Edward Grey.—(Received November 12.)

(No. 313.)

(Telegraphic.) P.

St. Petersburg, November 12, 1910.

RUSSIAN troops in Persia.

The Acting Minister of Foreign Affairs states, in a letter received this morning, that a certain number of soldiers will be dispatched in the first half of November (o.s.) to replace the time-expired men in the three Russian detachments. M. Sazonow adds that in order to avoid the comments which the dispatch of a "more or less considerable number of men" will arouse, the Russian Government would have preferred that at least the Kazvin detachment should have been recalled, but that owing to the actual state of things in Persia it is impossible to take this step.

[41286]

No. 280.

Mr. O'Beirne to Sir Edward Grey.—(Received November 12.)

(No. 314.)

(Telegraphic.) P.

St. Petersburg, November 12, 1910.

I HAVE communicated to the Acting Minister of Foreign Affairs the substance of your telegram No. 680 of yesterday respecting the Imperial Bank of Persia's loan. I reminded his Excellency at the same time that His Majesty's Government had no practical control over the bank's actions, and that they could only exert moral influence.

His Excellency expressed the earnest hope that, pending the conclusion of the

Russian conversion scheme, the Imperial Bank of Persia's transaction would not be finally concluded. He added that His Majesty's Government could do much by bringing moral pressure to bear on the bank. The loan had now been virtually secured by the latter, and he was certain that no real danger existed of any outside party depriving them of it.

I told his Excellency in reply that I was sure that His Majesty's Government would do everything that was possible in the circumstances with a view to meeting the wishes which the Imperial Government had expressed.

[41056]

No. 281.

Sir Edward Grey to Sir G. Barclay.

(No. 335.)

(Telegraphic.) P.

Foreign Office, November 12, 1910.

SOUTHERN roads. Your telegram No. 430 of the 28th October.

Reference to *bastis* in second paragraph should be omitted. In the penultimate paragraph the words "with the assistance of" should be inserted instead of word "by" before the words "British officers," and the following words should be added at the end of the same paragraph: "It could not be contended that the above measures constitute any infringement of the sovereignty of Persia, as the officers lent from the Indian army would take service under the Persian Government." Otherwise I approve proposed answer.

[41289]

No. 282.

Sir G. Barclay to Sir Edward Grey.—(Received November 13.)

(No. 467.)

(Telegraphic.) P.

Tehran, November 13, 1910.

SOUTHERN roads.

With reference to your telegram No. 335 of the 12th November, I have the honour to report that the instructions foreshadowed in Mr. O'Beirne's telegram No. 307 of the 8th November have not yet been received by M. Poklewski. Pending their receipt I am therefore postponing presentation of note to Persian Government.

[41947]

No. 283.

Mr. O'Beirne to Sir Edward Grey.—(Received November 18.)

(No. 441. Confidential.)

Sir,

St. Petersburg, November 5, 1910.

WITH reference to your telegram No. 661 of the 3rd instant and to subsequent telegrams respecting the proposed issue of a 5 per cent. loan by the Imperial Bank of Persia, I have the honour to enclose copy of an *aide-memoire* which I handed yesterday to M. Argyropoulos, the Acting Minister for Foreign Affairs in M. Sazonow's absence, stating that the bank proposed at once to make a "firm offer" to the Persian Government. At that time, owing to a misunderstanding for which I beg leave to express my regret, I believed that by a "firm offer" was meant a definite offer of which the terms could not be varied by the bank, and which the bank for its part was prepared to carry into execution at any time, but which would still be subject to the existing understanding as to the previous conversion of the Russian Bank debt. M. Sazonow had already stated that he saw no objection to the proposed transaction, and I supposed that it was now desired to obtain the concurrence of the Russian Government in the decisive step to be taken by the bank. M. Argyropoulos raised no difficulties in regard to it, but remarked that the Russian Government had no definite information as to when the conversion of the Russian debt would be concluded.

Having received your telegram No. 667 of yesterday I called again to-day on M. Argyropoulos. I brought with me a letter which I had written to him (of which a copy is also enclosed), giving the reasons for which His Majesty's Government hoped that the Russian Government would not ask that the transaction contemplated by the Imperial Bank should wait on the conclusion of the Russian conversion negotiations. In this letter I called his Excellency's attention to the fact that at the time when there

[1761]

2 P

was a question of an advance by the Imperial Bank to the Persian Government of 100,000*l.* on the security of the Crown jewels, the Russian Government had not insisted on their wish that the debt to their bank should first be converted. I pointed out to his Excellency verbally that it was now a question of a sum of about 300,000*l.* which would accrue to the Persian Government through the proposed transaction instead of 100,000*l.* as on the former occasion; and I pressed strongly on him the reasons why the proposed transaction could not be longer delayed without imperilling the very existence of the Imperial Bank.

M. Argyropoulo said that he could not take upon himself the responsibility of giving me a definite reply. He would send an official of the Ministry of Foreign Affairs to see the Acting Finance Minister that same day, and he would put the arguments which I had used strongly before him.

I warned his Excellency that if there was any delay the Imperial Bank might probably act without waiting for the sanction of His Majesty's Government.

In the course of our conversation I asked whether the draft scheme for the conversion of the Russian bank's debt, which, as reported by Sir G. Barclay, had been forwarded to St. Petersburg, was considered satisfactory by the Russian Government. M. Argyropoulo replied that there were one or two points which required modification.

I have, &c.

HUGH O'BEIRNE.

Enclosure 1 in No. 283.

Aide-mémoire communicated to M. Argyropoulo.

AU cours d'un entretien que le chargé d'affaires d'Angleterre a eu avec M. Sazonow le 14 (27) octobre, celui-ci a déclaré qu'il ne voyait aucune objection à la conclusion de la transaction projetée par la Banque Impériale de Perse, dont mention est faite dans l'aide-mémoire de l'Ambassade d'Angleterre de ladite date.

L'Ambassade se fait maintenant un devoir de porter à la connaissance du Ministère Impérial des Affaires Étrangères que la Banque Impériale se propose de faire immédiatement au Gouvernement persan une proposition ferme en vue de la conclusion de la transaction en question.

*Saint-Petersbourg,
le 22 octobre (4 novembre), 1910.*

Enclosure 2 in No. 283.

Mr. O'Beirne to M. Argyropoulo.

*Saint-Petersbourg,
le 23 octobre (5 novembre), 1910.*

Cher M. Argyropoulo,

DEPUIS notre entretien d'hier j'ai reçu de nouvelles instructions de Sir E. Grey au sujet de la transaction projetée par la Banque Impériale de Perse. La Banque insiste sur l'extrême urgence qu'il y a à ce qu'elle conclue la transaction immédiatement, sans attendre plus longtemps la conversion des dettes du Gouvernement persan à la Banque russe. Elle déclare que, si elle n'agit pas immédiatement, l'emprunt passera entre d'autres mains, et dans ce cas il y irait de l'existence même de la Banque Impériale en Perse.

Sir E. Grey me fait remarquer que la Banque Impériale est de fait libre de conclure la transaction projetée, sans l'approbation et malgré le dissentiment du Gouvernement britannique; et que, à défaut de la banque, la transaction sera conclue par une autre maison.

Comme vous le savez, l'opération projetée aura pour résultat de mettre à la disposition du Gouvernement persan une somme nette d'environ 3,000,000 de roubles seulement.

Dans ces circonstances Sir E. Grey espère vivement que le Gouvernement Impérial jugera possible de ne pas insister sur la conversion préalable des dettes dues à la Banque russe.

Vous vous souviendrez que lorsqu'il s'agissait d'un prêt de 1,000,000 de roubles contre

l'hypothèque des joyaux de la Couronne persane, votre Gouvernement n'a pas insisté d'une façon absolue sur cette exigence.

Veillez, &c.

HUGH O'BEIRNE.

[41948]

No. 284.

Mr. O'Beirne to Sir Edward Grey.—(Received November 18.)

(No. 443)

Sir,

St. Petersburg, November 8, 1910.

WITH reference to my despatch No. 441 of the 5th instant, I have the honour to enclose a copy of a letter which I addressed to M. Argyropoulo on the 6th instant, pointing out that it was necessary for the Imperial Bank, in self-defence, to make an unconditional offer to the Persian Government with regard to the proposed loan, and that His Majesty's Government could not press the bank to delay acting, as such a course would be fatal to its interests. On the same day I received a letter from his Excellency, of which a copy is also enclosed, informing me that the Acting Finance Minister had expressed the opinion that the conversion of the debts due to the Russian Bank ought to be effected before, or at least simultaneously with, the Imperial Bank's transaction. M. Argyropoulo added that under the circumstances he could not take upon himself to agree to what I asked.

I called again on his Excellency yesterday morning, but as it was plain that he would avoid assuming any responsibility in M. Sazonow's absence I said that I did not come to discuss the matter further with him. I confined myself to stating that while His Majesty's Government were most desirous of facilitating the Russian conversion, I did not know whether it would be practicable to delay the Imperial Bank's proposed transaction.

I ascertained from M. Argyropoulo that the Russian conversion scheme was on a 6 per cent. basis. One of the difficulties that remained to be settled in connection with the scheme was, he said, that the Persian Government desired to deduct from the gross receipts of the northern customs the cost of the Customs Administration. There was also the question of the ex-Shah's pension, which the Russian Government wished to see properly secured; and the question of subsidy of the German school, which his Excellency said was also charged on the northern customs.

As M. Argyropoulo had referred in his letter to me to the importance of Sir G. Barclay giving his energetic support to M. Poklewsky in pressing forward the Russian conversion negotiations, I stated that Sir G. Barclay was already instructed to that effect, and would certainly give the fullest support to the Russian Minister.

I have, &c.

HUGH O'BEIRNE.

Enclosure 1 in No. 284.

Mr. O'Beirne to M. Argyropoulo.

Cher M. Argyropoulo,

Saint-Petersbourg, le 24 octobre (6 novembre), 1910.

JE viens de recevoir un nouveau télégramme de Sir Edward Grey au sujet de la transaction projetée par la Banque Impériale—question que Sir Edward considère comme de la plus grande urgence.

Sir Edward me répète qu'il est nécessaire pour la banque, dans sa propre défense, de faire au Gouvernement persan une proposition ferme et sans réserves. Votre Excellence comprendra toute la difficulté qu'il y aurait pour mon Gouvernement à insister auprès de la banque pour qu'elle suive une ligne de conduite qui serait funeste à ses intérêts.

Si vous n'avez rien à me communiquer pendant la journée, je vous serais vivement reconnaissant de me permettre de venir vous voir demain matin, afin de me mettre en mesure de télégraphier à Sir E. Grey.

Veillez &c.

HUGH O'BEIRNE.

M. Argyropoulo to Mr. O'Beirne.

Cher Mr. O'Beirne, *Saint-Petersbourg, le 24 octobre (6 novembre), 1910.*
LORSQUE vous avez demandé à me voir ce matin je n'étais pas encore en mesure de vous donner la réponse promise, ayant voulu consulter au préalable sur la question qui vous intéresse le gérant du Ministère des Finances.

Or, M. Weber, très préoccupé lui-même de la conversion projetée par notre banque, vient de me faire savoir qu'il estime que cette conversion devrait se faire avant ou, tout au moins, en même temps que celle de la Banque Schahischad. Dans ces conditions je ne crois pas pouvoir, à mon grand regret, prendre seul la responsabilité de satisfaire à la demande que vous nous avez adressée.

Il me semble qu'il serait dans l'intérêt autant de votre banque que de la nôtre que votre représentant à Téhéran soit invité à appuyer énergiquement M. Poklewsky pour la réussite le plus tôt possible de cette double opération financière.

Croyez, &c.
ARGYROPOULO.

[41949]

No. 285.

Mr. O'Beirne to Sir Edward Grey.—(Received November 18.)

(No. 444.)

Sir, *St. Petersburg, November 8, 1910.*
I CALLED on M. Sazonow this morning at once after his return from Potsdam, to speak to him in reference to the proposed issue of a 5 per cent. loan by the Imperial Bank of Persia. I said that the position was the following:—

The Russian Government said that His Majesty's Government could render them a service by delaying the Imperial Bank's transaction pending the conversion of the debt to the Russian Bank. His Majesty's Government had, I thought, sufficiently shown their anxiety to oblige the Russian Government in the matter, but the Imperial Bank now informed them that if the proposed transaction was not concluded at once by themselves the loan would be made by Messrs. Seligman. If the loan went to Messrs. Seligman the Imperial Bank would, I said, cease to exist in Persia. His Majesty's Government could not press the bank to act in a way which would be fatal to their interests, and if they did so the bank would not comply. The Russian Government could not ask His Majesty's Government to take the course suggested.

M. Sazonow asked what, then, became of the Russian interests, and he went on to make the following proposal: The Imperial Bank should forthwith sign the proposed loan contract with the Persian Government, subject to the condition as to the previous conversion of the debts to the Russian Bank. The bank could make an immediate advance to the Persian Government of a portion of the net sum which would accrue to them as the result of the proposed transaction, say 50,000*l.* The bank would then have made a "firm offer," subject to the condition as to the Russian conversion, and they would have definitely secured the loan for themselves.

I said that the Persian Government would refuse to sign a conditional loan contract, such as his Excellency suggested, with the Imperial Bank, because they could have the loan at once on the same terms, without any condition, from Messrs. Seligman. M. Sazonow declined to credit this suggestion. He showed me a telegram received from M. Poklewsky stating that it was thoroughly well realised by the Persian Government, by the Imperial Bank, and by Messrs. Seligman that no loan could be made until the Russian debt had been converted. I said that the information of His Majesty's Government was entirely different; it was to the effect that the loan was on the verge of being made by Messrs. Seligman. M. Sazonow remarked that the Imperial Bank's apprehensions were probably due to nervousness. Moreover, he said, even if the Persian Government did attempt to come to an arrangement with Messrs. Seligman, it would be an easy matter for the representatives of the two Powers to put a stop to it. He added that the conclusion of the Russian conversion negotiations was a matter of days.

I said to M. Sazonow that I would inform you by telegraph of the proposal which he had made.

I have, &c.,
HUGH O'BEIRNE.

[41950]

Mr. O'Beirne to Sir Edward Grey.—(Received November 18.)

(No. 445. Secret.)
Sir,

St. Petersburg, November 9, 1910.

I HAVE the honour to state that at an interview which I had with M. Sazonow yesterday morning he gave me the following information as to what had passed at Potsdam between him and the German Government in reference to Persia and the Bagdad Railway.

His Excellency began by saying that on arriving in Berlin he found that the impression existed at the Russian Embassy that Germany was on the point of coming to terms with Great Britain on the subject of the Gulf section of the Bagdad Railway. With this information to start with, he had opened conversation with the German Chancellor by saying that he supposed it was a foregone conclusion that the principle of the *sectionnement* of the Bagdad Railway would have to be adopted, and that the Bagdad-Gulf section would go to England. Herr von Bethmann-Hollweg had not protested, nor had he expressed dissent from this assumption, but he had appeared to acquiesce in it. The Chancellor had in fact "done everything but say" that Germany was ready to agree to an arrangement such as M. Sazonow had indicated, and M. Sazonow had derived the same impression from the language of Herr von Kiderlen-Wächter. I told his Excellency as to this point that His Majesty's Government had no reason whatever to think that Germany was disposed to make an arrangement acceptable to them with regard to the Bagdad Railway, and that nothing had passed between them and the German Government recently on the subject.

M. Sazonow had, he proceeded to tell me, said to the German Chancellor that if the Gulf section went to England he would readily understand that Russia could not remain empty-handed. She would claim the branch from Sadijeh to Khanikin. In this stipulation the German Chancellor had, M. Sazonow said, acquiesced, and the Germans had further agreed not to build any line in Turkish territory touching the Persian frontier at a point north of Khanikin.

In the negotiations regarding Persia, the neutral zone was not even mentioned by the German statesmen. In any case, M. Sazonow said to me, this was a subject which could only be treated *à trois* in concert with Great Britain.

As regards the Russian sphere, the German negotiators had made no difficulties as to Russian requirements respecting concessions. M. Sazonow had asked that Germany should agree not to seek for railway or telegraph concessions or generally concessions of a territorial character, and as to this demand the German negotiators had made no objections and seemed to acquiesce. The only undertaking to which M. Sazonow on his side bound himself was that the Bagdad Railway system, when in the future it reached the Persian frontier, should be connected at Khanikin with the North Persian system. I asked whether Russia had undertaken to commence railway construction in Persia within any specified time, and his Excellency answered in the negative. Germany, he further said, had made no request for participation in the supply of materials for the railways, and he had therefore kept what he had to offer in this respect "in his pocket." The Germans had, however, stipulated that no differential railway rates should be instituted by Russia on lines which she controlled.

A detailed agreement was, M. Sazonow informed me, to be negotiated in St. Petersburg with the German Ambassador. He remarked that Germany might then very likely bring forward further demands on certain points, but that he proposed to adhere to the position which he had taken up when at Potsdam.

I need hardly say that the Acting Minister for Foreign Affairs, in the conversations which I had with him before his departure, gave me no indication that he intended to make a claim for the Sadijeh-Khanikin branch. The way in which he spoke of the junction of the two railway systems at Khanikin showed, I think, clearly that at that time he contemplated that railway construction under Russian auspices should begin at the Persian frontier. M. Sazonow may perhaps have had it in his mind to put forward a claim for the Khanikin branch in the way of bargaining, but I do not believe that he had any serious expectation that the claim would be entertained by Germany.

I have, &c.

HUGH O'BEIRNE.

P.S.—From some further conversation which I have had with M. Sazonow since writing this despatch, I find that as regards the stipulation which he made concerning

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the Khanikin-Sadijeh branch, it might be safer to say not that the German Chancellor acquiesced, but that he mutely signified acquiescence.

H. O'B.

November 14, 1910.

[41399]

No. 287.

Mr. O'Beirne to Sir Edward Grey.—(Received November 14.)

(No. 447.)
Sir,

St. Petersburg, November 9, 1910.

I HAVE the honour to report that the "Novoe Vremya" to-day publishes the substance of an interview granted by M. Sazonow yesterday to a correspondent of the paper. M. Sazonow is said to have spoken as follows:—

He declared that the meeting at Potsdam had had very positive results, that the conversation there was carried on frankly, and that there should not in consequence be any occasion for future mistrust or suspicion on either side. Both Herr von Bethmann-Hollweg and Herr von Kiderlen-Wächter held correct and clear views as regards Russo-German relations.

On being asked if during the conversations questions were raised as to the general political situation, and whether any attempts were made to influence directly or indirectly the general trend of Russian policy, M. Sazonow replied with a direct negative, and added that, on the contrary, discussion of the questions raised was based on a recognition of the absolute inviolability of the foundations of the existing political situation—a situation which had not been artificially created, but had arisen naturally, and fully satisfied both Russian and German interests. There could not, therefore, be room for efforts directed towards drawing Russia into another political combination. German statesmen knew that Russia always conscientiously carried out her obligations, and had not, moreover, any reason or cause for renouncing her close alliance with France and cordial agreement with England. Under these circumstances, all pourparlers with Germany could only be held on the basis of the existing grouping of foreign Powers. How far this situation was acceptable to both parties might be inferred from the fact that a fully satisfactory explanation on all the questions discussed was arrived at.

In reply to a question as to whether Turkey formed a subject of conversation (the abrupt change of attitude of that country towards Russia the correspondent declared to be regarded by the Russian public as the work of Germany), M. Sazonow stated that both German Ministers in the most positive manner denied having any hand or part in the course of Turkish policy. Germany, said M. Sazonow, appreciated the very material sacrifices which Russia had incurred in order to prevent a collision between Turkey and Bulgaria. She recognised that Russian support was given at a very critical moment, and understood what might have happened in the Balkans had Russia not acted as she did. Germany appreciated all this, and would not assist Turkey should the latter Power endeavour to break the general peace either in Europe or in Asia. M. Sazonow further expressed the conviction that Germany would take no action if Turkey's neighbours opposed her encroachments in the Persian frontier zone.

When asked if Persia was mentioned at the interview, M. Sazonow replied in the affirmative. He declared the Russian press allegations as to German activity in Persia to be much exaggerated. Germany was making no special claims in this respect. M. Sazonow stated that references to Persia in their conversations concerned solely that sphere under Russian influence as delimited by the Anglo-Russian agreement of 1907, and added that the discussion on any other questions outside that sphere would have required the presence of a representative of England. His Excellency declared that Germany recognised Russia's special interests in Northern Persia, and did not intend to impede her in the protection of those interests. Germany would not seek within that sphere any concessions which entail the possession of land. She, however, desired that if Russia built railways in Northern Persia she should take into consideration German interests connected with the Bagdad line. But this latter question was evidently one which must be dealt with in detail.

The correspondent then spoke of the attitude of the German press, and more especially of the gross attacks of the Berlin "Post" on Russia. M. Sazonow was of the opinion that the press of both countries had exceeded the proper limits, and

declared that the "Novoe Vremya" was one of the chief offenders in this respect. He did not accuse the paper in question of being hostile to Germany, but he frankly considered it at times to have been guilty of superfluous venom in its articles. M. Sazonow was confident that time would cure all present sores and put an end to mutual distrust and irritation. In any case, so far as the "Novoe Vremya" was concerned, a less violent tone in its articles on Germany was advisable in the interests of both peoples. M. Sazonow was then told that he has been accused in certain quarters of being a Germanophile. His Excellency declined to be labelled in this manner. He said that every question which might come before him would be considered from the point of view of the rights and interests of Russia, and such questions would be decided as his intelligence and conscience might dictate, and not in accordance with any set doctrine.

I have, &c.

HUGH O'BEIRNE.

[41632]

No. 288.

Note communicated by M. Cambon, November 14.

LA commande de canons et de matériel de guerre faite en 1905 par la Perse à la maison française Schneider et entièrement livrée par cette maison représentait une valeur d'environ 5,000,000 de francs, qui devait être payée en diverses échéances échelonnées de 1906 à 1912. Cependant, la maison Schneider n'a reçu qu'une somme inférieure à 400,000 fr. à valoir sur le premier terme et il lui est dû dès à présent plus de 3,500,000 fr., dont elle ne peut obtenir le règlement.

Au printemps dernier, le représentant de la Perse à Paris avait préparé, d'accord avec la maison Schneider, un emprunt gagé sur la frappe de la monnaie qui eût à la fois remboursé cette créance et fourni à la Perse une somme assez importante. Mis au courant par MM. Schneider, M. Pichon les détournait d'une opération qui eût été contraire aux desseins de la politique britannique à cette époque; le Foreign Office fut alors informé de son intervention.

La Perse négociant un emprunt à Londres, M. le Ministre des Affaires Étrangères serait heureux que la créance de la maison Schneider pût être remboursée sur le produit de cet emprunt.

*Ambassade de France, Londres,
le 14 novembre, 1910.*

[41300]

No. 289.

Sir F. Bertie to Sir Edward Grey.—(Received November 14.)

(No. 99. Confidential.)
(Telegraphic.) P.

Paris, November 12, 1910.

THE Russian chargé d'affaires has informed me that the ex-Shah of Persia is coming here on his way to Nice, and there may be danger to His Majesty from Persians established in France; he has been instructed to ask the French Government to afford him police protection. The Russian Government suspect His Majesty to contemplate intrigues, and they have directed M. Nekludoff to warn him orally that Persians in this country may attempt to assassinate him if he indulges in hazardous conversations, and that Persian Government might stop his pension.

[41509]

No. 290.

Sir G. Barclay to Sir Edward Grey.—(Received November 14.)

(No. 468.)
(Telegraphic.) P.

Tehran, November 14, 1910.

SOUTHERN roads.

With reference to your telegram No. 335 of the 12th November, I have the honour to point out that concluding passage of paragraph 4 of my note of the 14th October is

not directly modified by note as at present approved. I presume, however, that you do not wish me to take the opportunity, on the presentation of this second note to Minister for Foreign Affairs, to make any verbal communication in the sense of final paragraph of your telegram No. 328 of the 7th November.

[41104]

No. 291.

Sir Edward Grey to Sir G. Barclay.

(No. 338.)

(Telegraphic.) P.

Foreign Office, November 14, 1910.

PROPOSED loan by Imperial Bank of Persia.

It may be necessary, or at any rate desirable, if bank makes a loan, that the sterling loan of 1903 and 1904 should be merged in it. While this is not unfavourable to us financially, politically it would involve loss of our lien on ports and telegraphs and on Caspian fisheries, at the same time postponement of date of repayment would result.

Telegraphs might be made a supplementary security for loan, but I should like to know your views as to surrender of lien we now have on them.

[41288]

No. 292.

Sir Edward Grey to Sir G. Barclay.

(No. 339.)

(Telegraphic.) P.

Foreign Office, November 14, 1910.

SOUTHERN roads and police force: see your telegram No. 466 of the 14th November.

Any expressed intention on the part of the Persian Government to engage as officers of proposed police force the nationals of a minor Power must be accepted as an earnest of their sincere desire to see matters mended. We must, however, reserve to ourselves the right to insist that at any moment when we may think the step necessary British Indian officers should be employed.

[41105]

No. 293.

Sir Edward Grey to Mr. O'Beirne.

(No. 682.)

(Telegraphic.) P.

Foreign Office, November 14, 1910.

BANK'S loan to Persia: my telegram No. 680 of the 11th November.

Please inform Russian Government that Imperial Bank have made a firm offer to Persian Government for a loan.

[41286]

No. 294.

Sir Edward Grey to Mr. O'Beirne.

(No. 686.)

(Telegraphic.) P.

Foreign Office, November 14, 1910.

IMPERIAL Bank's proposed loan. Your telegram No. 314 of the 12th November.

Please inform Russian Government that though Persian Government have had firm offer made to them by Imperial Bank some little time will elapse before the contract is signed. His Majesty's Government have expressed the hope that, until the Russian conversion was completed, no final step should be taken in the matter.

[41534]

No. 295.

Mr. O'Beirne to Sir Edward Grey.—(Received November 15.)

(No. 449.)

Sir,

St. Petersburg, November 12, 1910.

I HAVE the honour to forward to you herewith copy of a letter which I have received to-day from the Acting Minister for Foreign Affairs, stating that it is shortly

intended to dispatch a certain number of men to replace the time-expired soldiers in the Russian detachments in Persia.

I have, &c.

HUGH O'BEIRNE.

Enclosure in No. 295.

M. Sazonow to Mr. O'Beirne.

Saint-Petersbourg,

le 29 octobre (11 novembre), 1910.

Cher Mr. O'Beirne,

JE crois devoir vous prévenir que dans le courant de la première moitié du mois de novembre un certain nombre de soldats faisant partie de nos trois détachements qui se trouvent en Perse atteint la limite du service actif, et que les autorités militaires du Caucase procéderont au remplacement de ces hommes par des contingents nouveaux. Pour éviter les commentaires sans fin que ne manquera pas de produire le nouvel envoi en Perse d'un nombre plus ou moins considérable de soldats russes qui auront à remplacer les hommes que l'on devra rapatrier, nous aurions préféré sans doute rappeler tout à fait ne fût-ce que le détachement de Kazvin, mais vous savez bien que l'état de choses en Perse nous empêche toujours de mettre ce projet à exécution.

Veuillez, &c.

SAZONOW.

[41535]

No. 296.

Mr. O'Beirne to Sir Edward Grey.—(Received November 15.)

(No. 450.)

Sir,

St. Petersburg, November 12, 1910.

WITH reference to your telegram No. 672 of the 7th instant, I have the honour to forward to you herewith translation of an *aide-mémoire* which I have received to-day from the Imperial Ministry of Foreign Affairs expressing the views of the Russian Government with regard to the proposed return of Prince Zil-es-Sultan to Persia.

As I understand that the proposed appointment of his Highness as Governor-General of Fars has been practically abandoned, I thought it unnecessary to telegraph the substance of this communication.

I have, &c.

HUGH O'BEIRNE.

Enclosure in No. 296.

Aide-mémoire communicated to Mr. O'Beirne.

(Translation.)

THE Imperial Government sees no objection in principle to Prince Zil-es-Sultan returning to Persia and taking up the appointment offered to him of Governor-General of Fars.

Nevertheless, the Russian Government cannot leave out of account the extreme unpopularity of this prince in Persia and especially in the south; and they find it impossible to assume responsibility for any complications which may arise from his return thither. Consequently the Imperial Government, while agreeing to his Highness accepting the post offered to him, cannot promise him any material protection for his life and honour and that of his family, and must decline to give any guarantees for his Highness's property. Further, the Imperial Government considers that the undertaking given at one time by the prince that he would not start any movement against the Shah and the ruling dynasty remains in full force.

If the London Cabinet shares this view, instructions will be sent to the Russian chargé d'affaires in Paris to make a joint communication with Sir F. Bertie in this sense to Zil-es-Sultan.

St. Petersburg, October 29 (November 11), 1910.

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[41653]

No. 297.

India Office to Foreign Office.—(Received November 15.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of the Earl of Crewe, forwards herewith, for the information of the Secretary of State, copy of enclosures in a letter from the Foreign Secretary to the Government of India, dated the 27th October, 1910, relative to a Dutch irrigation concession on the Karun.

India Office, November 14, 1910.

Enclosure 1 in No. 297.

*Lieutenant-Colonel Cox to Government of India.**Bushire, October 9, 1910.*

WITH reference to the papers forwarded under Foreign Department endorsement, dated the 19th September, 1910, I have the honour to forward, for the information of the Government of India, copies of telegrams which have passed on the subject of the efforts of the Dutch to avail themselves of their option for a concession for irrigation from the Karun River.

Enclosure 2 in No. 297.

Sir G. Barclay to Lieutenant-Colonel Cox.

(Telegraphic.) P.

Tehran, September 16, 1910.

I AM informed by the Dutch Minister that from what a relative of the Sheikh of Mohammerah, resident in Tehran, told him, he understands that on certain conditions Sheikh Khazal would have no objection to the Dutch acquiring a concession for irrigation from the Karun.

You will perhaps think it wiser not to question the sheikh, but I should be glad to be informed should Wilson see any indications confirming the above.

The Dutch Minister has been confidentially informed by me of our agreement with Sheikh Khazal, and promises to take no action except with our cognisance.

Enclosure 3 in No. 297.

Lieutenant-Colonel Cox to Sir G. Barclay.

(Telegraphic.) P.

Bushire, September 17, 1910.

I THINK it possible that the Dutch Minister has been misled. Can you ascertain confidentially who is the relative referred to. Kindly refer to my letter No. 49 of the 23rd May, 1909, enclosure No. 2. There is no reason to think that there is any change in the sheikh's attitude, but a report will be made later by Wilson.

Enclosure 4 in No. 297.

Lieutenant-Colonel Cox to Sir G. Barclay.

(Telegraphic.) P.

Bushire, October 9, 1910.

Haji RAIS has furnished Wilson with the following information with reference to the subject of my telegram No. 250.

The sheikh received a letter four months ago from Saïd-es-Sultaneh, formerly Governor of Bushire, saying that the Dutch Minister had enquired what was the attitude of the sheikh regarding the aspirations of the Dutch. A reply to the effect that the sheikh would not accept any scheme that did not suit him was given offhand by Saïd-es-Sultaneh.

Saïd received a letter from the Dutch Minister next day asking him on what terms

the sheikh would consent to co-operate, and asking to be put in touch with the latter. The Minister's letter was sent to the sheikh, and was shown to His Majesty's consul by Haji Rais. No reply has been sent and none will be sent. The sheikh has no relative in Tehran; presumably the person referred to must be Saïd-es-Sultaneh. His attitude towards irrigation questions is unchanged. I trust it may be found possible to keep the Dutch element at a distance until the expiry of their option in January.

[41687]

No. 298.

Mirza Mehdi Khan to Sir Edward Grey.—(Received November 15.)

THE Persian Minister presents his compliments to the Secretary of State for Foreign Affairs, and has the honour to refer to the conversation he had on the 8th instant with Sir Arthur Nicolson regarding the loan question. The Persian Minister read to Sir Arthur Nicolson a telegram which he had received from the Persian Minister for Foreign Affairs, in which his Excellency stated that Messrs. Seligman Brothers had informed the Persian Government that, owing to the change of attitude of His Britannic Majesty's Foreign Office towards the question of the conversion of the consolidated debt (which the Persian Government owe to the Imperial Bank of Persia), they could not proceed further.

On the 2nd November, the Persian Minister for Foreign Affairs asked Sir George Barclay the reason of this opposition on the part of His Britannic Majesty's Government.

Messrs. Seligman Brothers had been officially invited by the Persian Government on the 10th October last to arrange the conversion in question. On the same date the Persian Government informed the Imperial Bank of Persia of their having commenced these negotiations with Messrs. Seligman Brothers, and asked the Imperial Bank of Persia to co-operate and facilitate this matter.

In November the Imperial Bank replied that they were not inclined to co-operate, but that they would like to carry out this conversion scheme themselves.

The Persian Minister for Foreign Affairs maintained in his telegram that the attitude of His Britannic Majesty's Government put the Persian Government in a difficult and a disagreeable position, for they had commenced negotiations with Messrs. Seligman Brothers, and the transaction was accepted on the conditions which were to be offered by Messrs. Seligman Brothers; until these conditions were offered by Messrs. Seligman Brothers and rejected by the Persian Government, the latter could not break off negotiations.

To these observations Sir Arthur Nicolson remarked that Messrs. Seligman Brothers had telegraphed to the Persian Government that they had withdrawn from the transaction.

Mirza Mehdi Khan replied that Messrs. Seligman had informed the Persian Government that they could no longer proceed with the matter, seeing that His Britannic Majesty's Foreign Office had written to them and had withdrawn their support from them.

Messrs. Seligman had so informed the Persian Government through their representative in Tehran, and they also called at the Persian Legation in London and made statements to that effect, and among other things complained that they had been put to trouble and expense, and were anxious that His Britannic Majesty's Government should withdraw their opposition, and thought that incidents of this nature were detrimental to the credit of the Persian Government. Sir Arthur Nicolson remarked that His Britannic Majesty's Government had been informed that the Persian Government had also asked the Imperial Bank of Persia to arrange the conversion of the debt, and this he gave as the reason of the Foreign Office for withdrawing their support from Messrs. Seligman.

Sir Arthur Nicolson said that, under the circumstances, the Foreign Office could only support the Imperial Bank of Persia.

Mirza Mehdi Khan observed that the telegram from the Persian Minister for Foreign Affairs, which he had read to Sir Arthur Nicolson, put the facts quite fully and clearly, and proved that no such requests had been made to the Imperial Bank of Persia. Nevertheless, since his conversation with Sir Arthur Nicolson, the Persian Minister has made further enquiries from his Government, and is informed that at no time has such a request been made to the Imperial Bank; the latter were only informed in October of the commencement of negotiations with Messrs. Seligman, and

were asked to co-operate and facilitate the issue of the loan by the latter. The Imperial Bank replied in November, refusing to do this.

The Persian Government earnestly hope that His Britannic Majesty's Government will withdraw their opposition to this transaction with Messrs. Seligman Brothers. An attitude contrary to this cannot but be regarded by the Persian Government as impeding their freedom of action in obtaining a loan on the best terms possible.

Persian Legation, November 15, 1910.

[41673]

No. 299.

Sir G. Barclay to Sir Edward Grey.—(Received November 15.)

(No. 469.)

(Telegraphic.) P.

Tehran, November 15, 1910.

OIL company.

His Majesty's acting consul at Mohammerah has been informed by oil company that they propose to bore for oil in the sheikh's territory, and that they do not intend to conclude any agreement with sheikh previous to commencing operations, as they maintain that section 2 of article 3 of concession applies to works mentioned in article 2 only. Lieutenant Wilson understands that if sheikh raises objections, and he certainly will do so, company will stop work and claim damages from Persian Government.

Any action of the legation in support of such a claim would, I submit, be clearly inadvisable; it would compel the Persian Government to endeavour to exercise pressure on Sheikh of Mohammerah.

In these circumstances, I venture to suggest that oil company be informed that their claim cannot be supported by His Majesty's Legation, and that it be pointed out to them that, pending the conclusion of an agreement with the sheikh, it would be to their own interest to defer boring works.

Apart from the question as to whether the company are justified in their interpretation of section 2 of article 3 or not, the goodwill of sheikh must clearly be an important asset for company.

Lieutenant Wilson has informed the company that they must bear the sole responsibility if they commence to sink wells before concluding an agreement with sheikh, as he considers that article 3 of concession does not authorise such work.

Despatches from Colonel Cox and Lieutenant Wilson follow by post, due the 28th November. Company should defer action until you have considered these.

[41669]

No. 300.

Sir G. Barclay to Sir Edward Grey.—(Received November 15.)

(No. 470.)

(Telegraphic.) P.

Tehran, November 15, 1910.

MESSRS. ELLINGER'S proposed concession in Persian Gulf.

After consultation with Lieutenant-Colonel Cox, I have the honour to submit the following observations in reply to your despatch No. 183 of the 26th October.

The engineers in question would probably meet with opposition from natives unless they carried a recommendation from central authorities to local headmen. In any case, they would not have to incur any expense of escort. To render work possible it would be necessary to secure goodwill of natives, but if this were obtained, it would only be necessary to pay two or three villagers to protect camp from robbery.

I am here presuming that a stay of some days' duration and digging work would be undertaken.

On the other hand, if engineers went as ordinary travellers and a morning's inspections would suffice for examination of ground His Majesty's consul at Bunder Abbas could conduct them, and it would not be necessary to obtain permits.

His Majesty's consul-general at Bushire believes that the official geological survey of India recently examined all the places mentioned, and that they are reported on in the memoirs of that department published in 1908, and sold by Messrs. Kegan Paul, vol. 34, part 4.

[41684]

No. 301.

Sir G. Barclay to Sir Edward Grey.—(Received November 15.)

(No. 471.)

(Telegraphic.) P.

Tehran, November 15, 1910.

KASHAN. A regrettable incident has occurred at Kashan, where the chief of police with some Bakhtiari has forced an entry into the house of the Russian consular agent, who is a Persian subject, to search for an offender.

Russian Minister has demanded that Minister for Foreign Affairs should render an apology in uniform, that two Bakhtiari chiefs at Ispahan should also apologise to the Russian consul-general, and that the chief of police at Kashan should be dismissed.

In reporting above to his Government, he has recommended that if the reparation he has demanded be refused, "energetic measures" should be taken.

(Confidential.)

The reparation demanded is perhaps excessive, but M. Poklewski's antipathy to Minister for Foreign Affairs is so strong that he would have misinterpreted my attitude if I had made any demur when he informed me of what he intended to do.

Among "energetic measures" which might be taken, M. Poklewski mentioned advance of Russian troops on Tehran. In reply, I expressed the hope that this measure would not be resorted to. My Russian colleague did not, however, receive this remark very cordially.

[41676]

No. 302.

Sir G. Barclay to Sir Edward Grey.—(Received November 15.)

(No. 472. Very Confidential.)

(Telegraphic.) P.

Tehran, November 15, 1910.

SWEDISH consul-general in Tehran.

Please refer to first paragraph of my telegram No. 466 of the 12th November.

Information has reached me to the effect that the present Swedish consul-general, who is a British subject, is very shortly leaving Persia and relinquishing his post.

Appointment of a German in his stead would be most undesirable.

I venture to suggest therefore that His Majesty's Government may see their way to taking action at Stockholm in this connection.

[41694]

No. 303.

Sir G. Barclay to Sir Edward Grey.—(Received November 15.)

(No. 473.)

(Telegraphic.) R.

Tehran, November 15, 1910.

MY telegram No. 425 of 27th October: Russian Bank's conversion.

Russian Government desire two important modifications in draft convention, which may delay matters:—

1. Conversion is on basis of 7 per cent.—fifteen years' redemption—and, in order to assimilate ex-Shah's debts taken over by Persian Government at time of his dethronement to rest of debt, it is proposed that interest on former should be raised from 6 to 7 per cent., and to extend its redemption period from ten to fifteen years.

2. Russia desires, in case of default, the same rights in regard to control of customs as she already possesses for her Government loans.

[41688]

No. 304.

Mr. O'Beirne to Sir Edward Grey.—(Received November 15.)

(No. 315.)

(Telegraphic.) P.

St. Petersburg, November 15, 1910.

HAVING received your telegram No. 686 of yesterday, I made a communication accordingly to M. Sazonow to-day.

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His Excellency said that it was to be hoped that the next news would not be to the effect that the Imperial Bank loan to the Persian Government had actually been concluded, despite the wish which His Majesty's Government had expressed in the matter. He enquired if such an event was at all possible. I replied in the affirmative, explaining that in dealing with the bank moral influence only could be brought to bear by His Majesty's Government. His Excellency observed that if the loan were concluded the impression created here would be very bad, and, further, that to withdraw the Russian troops from Kazvin would then be quite impossible. The Russian Government would have to keep the force in north Persia for years, a measure which would be unpleasant to the Russian Government, and, he supposed, equally so to us.

I said to M. Sazonow that it was not clear to me how the negotiations for the conversion of the Persian Government's debts to the Russian Bank could be adversely affected by a transaction which resulted in the Persian Government receiving in cash about 300,000L.; but he maintained that the transaction did have this effect, seeing what the character of the Persians was. According to a telegram from the Russian Minister which his Excellency showed to me, the Imperial Bank's cash advance to the Persian Government appeared to have already had the effect of disposing the latter unfavourably towards the conversion scheme.

Please regard the following as confidential:—

M. Sazonow's reference to the question of withdrawing the Russian troops was made in perfect good humour, but of course what he said was something in the nature of a warning, and I refrained from commenting on the point.

[41689]

No. 305.

Mr. O'Beirne to Sir Edward Grey.—(Received November 15.)

(No. 316.)

(Telegraphic.) R.

St. Petersburg, November 15, 1910.

SIR G. BARCLAY'S telegram No. 467 of 13th November: Representations respecting southern roads.

Acting Minister for Foreign Affairs promises to send instructions in question to Russian Minister at Tehran immediately.

[41509]

No. 306.

Sir Edward Grey to Sir G. Barclay.

(No. 340.)

(Telegraphic.) P.

Foreign Office, November 15, 1910.

SOUTHERN roads. See your telegram No. 468 of the 14th November.

Note may be sent in as it now stands.

I intended last paragraph of my telegram No. 328 of the 7th November for your guidance.

[41685]

No. 307.

Sir Edward Grey to Mr. O'Beirne.

(No. 687.)

(Telegraphic.) P.

Foreign Office, November 15, 1910.

ARMS for Persian Government.

I am informed by representative of Schneider Canet that Persian Government owe that firm 200,000L. for arms not yet paid for. Persian Government had been approached by firm for loan on security of mint profits to pay debt, but M. Pichon, fearing Anglo-Russian interests might be harmed, had discouraged further negotiations. We were asked by Schneider Canet's representative if we would help firm to participate in the issue of a larger loan with the Imperial Bank of Persia.

Our reply was that we could not help them to join in proposed loan by bank, out of which no provision is being made for British creditors, and that only when a large loan is floated will moment have arrived for settling foreign claims.

Please inform Acting Minister for Foreign Affairs of above.

[41684]

No. 308.

Sir Edward Grey to Mr. O'Beirne.

(No. 688.)

(Telegraphic.) P.

Foreign Office, November 15, 1910.

SEE Tehran telegram No. 471 of to-day.

Acting Minister for Foreign Affairs should be approached, and you should say that His Majesty's Government hope that this incident will not result in Russian troops being moved on Tehran. The consequences of such a step would be serious, and felt throughout Persia.

You are at liberty to use such arguments and language as may seem to you best calculated to persuade M. Sazonoff not to give an exaggerated importance to the excess of zeal of a local police officer. This question is one between Russia and Persia, and I am reluctant to intervene directly, but the measure suggested appears to be hardly called for by the offence, and in itself to be of too energetic a nature. Moreover, the consequences of such a step would certainly be irreparable. Sir G. Barclay's telegram No. 465 holds out the prospect of a change of Government at Tehran more favourable to Russia, and in view of this possibility I would strongly deprecate at the present moment any such drastic action.

You should regard the last paragraph of this telegram as confidential.

[41723]

No. 309.

India Office to Foreign Office.—(Received November 16.)

Sir,

India Office, November 15, 1910.

IN continuation of previous correspondence ending with the letter of this Office dated the 5th November, 1910, communicating copy of the Secretary of State's telegram to the Viceroy, dated the 2nd November, 1910, as to the British force available for the protection of His Majesty's consulate at Shiraz, I am directed by the Secretary of State for India to enclose copy of a telegram from the Government of India on the subject.

It will be seen that they concur in the suggestions made in the telegram dated the 1st October, 1910, of His Majesty's Minister at Tehran, of which copy was enclosed in your letter of the 10th October last, except as regards the Maxim gun, but they are of opinion that, for the present, the relief of the troops must be postponed.

The Earl of Crewe considers that Sir G. Barclay must be the judge of the necessity of retaining the Maxim gun, but would suggest that the objections of the Indian military authorities should be brought to his notice. I am to request that the decision on this point may be communicated to this Office at an early date, in order that the Government of India may make the necessary arrangements.

I am, &c.

R. RITCHIE.

Enclosure in No. 309.

Government of India to the Earl of Crewe.

(Telegraphic.) P.

November 9, 1910.

RELIEF of troops at Shiraz. Please refer to your telegram dated the 18th October, 1910. Proposals of His Majesty's Minister at Tehran have our concurrence, except as regards Maxim gun, which military authorities consider it unnecessary and undesirable to retain after naval detachment has been withdrawn. At present, however, it is not possible to undertake relief of troops in view of existing situation at Shiraz.

[41760]

No. 310.

Sir G. Barclay to Sir Edward Grey.—(Received November 16.)

(No. 474.)

(Telegraphic.) P.

Tehran, November 16, 1910.

IMPERIAL Bank of Persia's proposed loan to Persian Government.

In reply to your telegram No. 338 of the 14th November, I would point out that to surrender our lien on the posts and telegraphs would set free a substantial asset for hypothecation to others. I should therefore be very reluctant to give up lien.

In these circumstances, I venture to suggest that, if His Majesty's Government decide that it is necessary or desirable to merge our sterling loan in the proposed loan by the Imperial Bank of Persia, the telegraphs should be included as supplementary security. This proposal, however, if not made with great caution, would certainly awake suspicions of Persian Government and lead to inconvenient delay. In same connection it might perhaps be well to maintain the lien on Caspian fisheries, as the retention of lien on telegraphs and the surrender of that on fisheries might be misinterpreted.

It would probably be more politic for bank manager to approach Persian Government in this matter without any action on part of His Majesty's Legation. I should be glad to hear whether this mode of procedure meets with your approval.

[41788]

No. 311.

Sir G. Barclay to Sir Edward Grey.—(Received November 16.)

(No. 475.)

(Telegraphic.) P.

Tehran, November 16, 1910.

KASHAN.

With reference to your telegram No. 688 of the 15th November to St. Petersburg, I have the honour to report that M. Poklewski did not suggest the dispatch of troops to Tehran to his Government. Russian Minister only mentioned it to me as a measure that might become necessary.

[41813]

No. 312.

Mr. O'Beirne to Sir Edward Grey.—(Received November 16.)

(No. 317.)

(Telegraphic.) P.

St. Petersburg, November 16, 1910.

INCIDENT at Kashan. Please refer to your telegram No. 688, dated yesterday.

I explained to M. Sazonow to-day that the consequences which might ensue from this incident caused you some anxiety, and asked him for information on the subject.

His Excellency told me that of course satisfaction must be obtained by Russia from the Persian Government, but that the matter was not so serious as would have been the case if the vice-consul in question had not been a Persian. No advance of the Russian troops to Tehran and no movement of troops of any kind was in contemplation. Measures might be taken by the Russian Government if it became necessary to apply pressure on the frontier; by this his Excellency seemed to indicate that supplies for the Persian Government might not be permitted to pass.

I said that the demand that the Persian Minister for Foreign Affairs should tender an apology in person seemed too severe, but to insist on this point seemed useless, as M. Poklewsky has already formulated the different demands. I think that the course of events as regards the loan by the Imperial Bank will to some extent influence the Russian attitude in the present question.

[41875]

No. 313.

Sir F. Bertie to Sir Edward Grey.—(Received November 16.)

(No. 101. Confidential.)

(Telegraphic.) P.

Paris, November 16, 1910.

THE Minister for Foreign Affairs has received information from Berlin and St. Petersburg respecting M. Sazonow's interviews at Potsdam, which he will

communicate to me, and discuss, if I be authorised to give him any information thereon which may be in your possession. It displeases M. Pichon very much that M. Sazonow should have made his début as Minister for Foreign Affairs at Berlin instead of at Paris and London. M. Louis suggested that he should be instructed to thank M. Sazonow for communicating to him what passed at Potsdam, but M. Pichon has not accepted this suggestion.

His Excellency says that he has noticed lately from the language of the Russian chargé d'affaires here that Russia has such great fear of Germany that she is disposed to make concessions to the German Government without previously consulting France or England. I am sending to you to-day by post in my despatch No. 430 a copy of an article in the "Figaro" of the 11th instant respecting the Potsdam interview. M. Pichon spoke to me about this article, and declared that M. Sazonow himself had dictated it.

[41723]

No. 314.

Sir Edward Grey to Sir G. Barclay.

(No. 343.)

(Telegraphic.) P.

Foreign Office, November 16, 1910.

SHIRAZ escort and Maxim gun.

Your telegram No. 397 of the 1st October.

Your suggestions are accepted by Admiralty. The Government of India, while of opinion that the relief of Shiraz troops cannot take place at present, consider the retention of the gun, after the withdrawal of the naval detachment, unnecessary and undesirable, though on other points they also agree.

Please state whether you consider that retention of Maxim gun is necessary.

[41898]

[No. 315.]

Lieutenant-Colonel Cox to Sir G. Barclay.—(Received at Foreign Office, November 17.)

(No. 67. Confidential.)

Sir,

Bushire, October 8, 1910.

I HAVE the honour to forward, for your Excellency's information, a copy of a letter, with enclosure, which I have addressed to the Government of India regarding a proposal made by Lieutenant Wilson that, when relieved at Mohammerah, he should be deputed to investigate the Dizful-Burujird section of the projected Mohammerah-Julfa Railway.

I have, &c.

P. Z. COX, *British Resident in the Persian Gulf, and His Britannic Majesty's Consul-General for Fars, &c.*

Enclosure 1 in No. 315.

Lieutenant-Colonel Cox to Government of India.

(Confidential.)

Sir,

Bushire, October 2, 1910.

I HAVE the honour to refer to the subject of India Office despatch of the 14th January, 1910, conveying sanction to the deputation of Lieutenant Wilson, as soon as he could be spared, to examine the feasibility of effecting a connection between Bushire and some point on the Bunder Abbas-Shiraz route near Aliabad.

2. The Government of India had since decided to depute him for the duty before he returned to India after relief at Mohammerah by Captain Haworth in December next.

3. Lieutenant Wilson, in the letter of which I enclose a copy, now suggests, after studying the recent correspondence on the railway question, that it is a matter for consideration whether the investigation of the Dizful-Burujird section of the projected Mohammerah-Julfa alignment is not of more immediate importance than the Bushire-Aliabad connection, and urges that he be permitted to endeavour to carry out the

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2 T

former work before dealing with the Bushire-Aliabad route, or, failing that, afterwards.

4. I am aware that it is inconvenient to the Government of India and generally against the interests of the officers themselves that probationers for the Political Department should be delayed in going through their departmental training, but the considerations arising in the present instance are of such undoubted importance, and Lieutenant Wilson is by bent and training so exceptionally adapted for work of the nature involved, that I venture to ask the Government of India to consider the question on its merits. As Lieutenant Wilson points out in the concluding paragraph of his letter, he would probably be back in India within a year of his appointment as a probationer, and this period will also have elapsed in Lieutenant Ranking's case.

5. The importance of the piece of work in question is undoubted, and I am inclined to support the proposal on certain conditions, because the work is so important, and because the officer making the proposal is so specially well qualified to carry it through, and both his status at the time and the juncture so convenient for the purpose in hand.

At the same time the project cannot be lightly undertaken. It is very necessary to impose the condition that Lieutenant Wilson should spend some time in Dizful, cultivating and making interest with persons able to help him, and that he should not take the field with the tribes in the early spring unless he has been able to make sufficient headway to satisfy us that reasonable grounds now exist for believing that he can proceed without undue risk.

6. The figures at which he estimates the probable cost are most moderate, and I am unable to advise any reduction.

7. I am forwarding a copy of this letter to His Majesty's Minister, but postal communication with Tehran overland is so precarious that anything of importance has to go via London, so it will be a considerable time before it reaches him. If the Government of India are inclined to favour the adoption of Lieutenant Wilson's suggestion, I beg that they will be pleased to ascertain the Minister's views by telegram or permit me to.

I have, &c.
P. Z. COX,
Political Resident in the Persian Gulf.

Enclosure 2 in No. 315.

Lieutenant Wilson to Lieutenant-Colonel Cox.

Mohammerah, September 21, 1910.

Sir,
I HAVE the honour to remind you that, under present arrangements, I shall hand over charge of His Majesty's consulate for Arabistan to Captain L. B. Haworth, I.A., on or about the 1st January, 1911, and then proceed to the examination of the Bushire-Jahrum country, which should be completed by some date in April, 1911.

2. On completion of this duty I should in the ordinary course apply for privilege-leave home, as I shall then have served more than three years continuously in Persia, and am anxious, if possible, to have a few weeks in England before taking up fresh duties.

3. I see, however, from correspondence regarding railways in Persia, which you have been good enough to show me in connection with the Bushire-Jahrum enquiry, that the whole question of the Mohammerah-Julfa Railway is under lively consideration, and that one of the principal objections of His Majesty's Secretary of State for India against active measures in this connection, is that it has not yet been ascertained whether the proposed Mohammerah-Julfa line is practical from the engineering point of view. It is pointed out that not only have no surveys been made, but there has not been even such an examination of the country through which the line would run as to enable even the roughest forecast to be made either of the cost or of the best alignment.

4. A Foreign Office memorandum of the 29th September records as among the principal drawbacks the absence of all surveys, even of a preliminary character, of the alignment of the proposed railway, and the uncertainty as to the results of the oil company's operations in South-West Persia.

The absence of all surveys is again referred to in the Foreign Office memorandum to M. Isvolsky on the 14th October.

5. Sir George Barclay, in his despatch No. 289 of the 4th November, 1908, dealt with the question of investigating the Dizful-Khuremabad country, and seemed to consider that the commencement of enquiry into the practicability or otherwise of the Dizful-Burujird Railway was a matter of urgency.

The absence of all data in regard to the southern section of the railway is again referred to in Foreign Office despatch of the 19th January, 1910, to the India Office.

6. I see also from the correspondence forwarded to you under Foreign Department letter of the 30th August, 1910, that Sir George Mackenzie is anxious to arrange an amalgamation of British interests in South-West Persia with a view to pushing actively the Luristan road. It appears that the Imperial Bank of Persia are ready to participate in the scheme, and that hopes are entertained that, under more vigorous management, better use may be made of the road concessions of the Persian Transport Company than can be hoped for under present conditions.

7. It is difficult therefore to resist the conclusion that the investigation of the Dizful-Burujird section is a matter of immediate practical importance, and I beg to suggest that I be permitted to undertake it at once, either as soon as I have handed over to Captain Haworth, or after I have examined the Bushire-Jahrum country.

In view of the greater urgency of the Luristan project, I venture to suggest the former alternative, the Bushire-Jahrum enquiry being postponed to some subsequent date. The spring is the best season to commence negotiations for the penetration of Luristan, as the tribes are, during January and February, in their winter quarters, and during March commence their migration to the hills. This is the time when it is easiest to travel northwards and to get into touch with the various tribes who control the several alternative routes.

8. I have travelled extensively in Lur country and have some acquaintance with the dialect, manners, and customs of the Lur tribes. I have Persian acquaintances in Dizful who could facilitate my enquiry, were I to commence from Dizful, by giving me introductions to Lur chiefs. Were I to commence at Burujird, our native agent there would render similar services.

9. I do not conceal, however, from myself that the task which I am suggesting for myself is one of some difficulty. The country has been unvisited for six years and has a bad reputation. Any repetition of the outrage committed on Colonel Douglas and Captain Lorimer in 1904 would have regrettable results. But I submit that an independent officer, not invested with the political importance that attaches to one of His Majesty's consuls, unaccompanied by an Indian escort, and not burdened with a large caravan, is not less likely to succeed in his object, whilst his failure would not be so prejudicial to Government as in the case of a properly accredited consul. My status after relief by Captain Haworth will fulfil these conditions.

10. Such information as I have been able to obtain in regard to Luristan makes me believe that no more propitious occasion than the present for such an enquiry has offered itself for some years. But whether this is the case or not, I am convinced that no better opportunity is likely to be better obtained under present conditions in Persia, and that nothing whatever is to be gained by delay. On the contrary, the longer the country remains unvisited the more forbidding does it become.

11. Were I permitted to undertake this duty my efforts would be directed to ascertaining, by personal examination of the whole country and of all the principal routes, which route or routes is most promising for a railway. My report would be sufficiently detailed to enable an expert to form some estimate of cost. In this connection I take the liberty to mention that I have had, whilst in military employ, careful training and some experience in this branch of engineering. I should at the same time investigate the political conditions now obtaining in Luristan, ascertaining what tribes were predominant, and with what chiefs or other principal personages it might be expedient to make agreements to ensure the uninterrupted progress of the work of construction.

It is now four years since Captain Lorimer reported on the subject, during which time the kaleidoscopic conditions of Luristan must have considerably changed.

In regard to the road project I should make similar enquiries, and should hope to be able in six months time to put Government in possession of a report dealing with all important factors, on which definite, and at all events in the case of the road, prompt action could be taken.

12. The unsettled condition of the country and the fact that the success or otherwise of the enquiry would depend in no small degree upon fortuitous circumstances,

makes it almost impossible to estimate with any accuracy the duration and cost of such an investigation as I have proposed. But, having regard to the movements of the tribes, and the climatic factor, I am of the opinion that a less period than six months would be insufficient for such an enquiry, as delay in starting and the impossibility of choosing one's own time and route are factors to be reckoned with.

13. As regards cost, it must be remembered that in Luristan foreigners have little prestige, the Persian Government none, and that a traveller has, in consequence, to submit not infrequently to extortion on a scale uncommon elsewhere in Persia. I should, of course, exercise due economy, but a liberal provision for unforeseen contingencies is necessary, and I therefore estimate the probable monthly cost as follows:—

	Rs.	a.
Pay	753	12
Transport	300	0
Presents, guards, watchmen, rents	446	4
Total	1,500	0

With ordinary luck I should hope to effect considerable economy on those figures, but I have thought it better to leave a reasonable margin for contingencies, in order that it may not be necessary to trouble Government with supplementary applications for sanction.

14. I am fully aware of the necessity, both in the interests of Government and of myself, that I should return to India in due course to pass my examinations for the Political Department. But I would respectfully point out that even if the above proposal be sanctioned, I should hope to be in India within a year of the date on which I was appointed to the department as a probationer (1st June, 1910), which is approximately the same period as that for which Lieutenant Ranking will have been in the department without having passed his examination when he reaches India.

I have, &c.

A. T. WILSON, Acting Consul.

[41899]

No. 316.

Lieutenant-Colonel Cox to Sir G. Barclay.—(Received at Foreign Office November 17.)

(No. 68. Confidential.)

Sir,

Bushire, October 8, 1910.

WITH reference to my despatch No. 67 of to-day's date, I have the honour to forward for your Excellency's information a copy of a memorandum, written by Lieutenant Wilson, on Mohammerah-Dizful section of the proposed Mohammerah-Julfa Railway, together with a copy of my letter to the Government of India dated the 2nd October, 1910.

I have, &c.

P. Z. COX, Lieutenant-Colonel, British Resident
in the Persian Gulf, and His Britannic
Majesty's Consul-General for Fars, &c.

Enclosure 1 in No. 316.

Lieutenant-Colonel Cox to the Government of India.

(Confidential.)

Sir,

Bushire, October 2, 1910.

I HAVE the honour to forward, for the information of the Government of India, a copy of a useful memorandum, prepared by Lieutenant A. T. Wilson, on the Mohammerah-Dizful section of the proposed Mohammerah-Julfa alignment.

2. I am anxious to place the material before Government simultaneously with the subject of my more urgent letter of to-day's date, and therefore submit it without commenting at length on details of its contents, which, however, seem to me to be generally accurate and well considered.

I would only remark now, lest I be held to endorse it, that I am inclined to disagree with the writer's view as to what is probably the best site for a terminus at Mohammerah. It is true that the site recommended by Lieutenant Wilson is opposite

the ordinary anchorage of steamers, but it is on the Shatt-el-Arab, and in view of the delicacy of the question of jurisdiction on that river, and on grounds of strategic security, it seems a matter for consideration whether a site on the Karun just above Mohammerah would not be more desirable, with a light railway, if necessary, along the bank to the custom-house.

I am forwarding a copy of this communication to His Majesty's Minister.

I have, &c.

P. Z. COX, Lieutenant-Colonel, British Resident
in the Persian Gulf, and His Britannic
Majesty's Consul-General for Fars, &c.

Enclosure 2 in No. 316.

Lieutenant Wilson to Lieutenant-Colonel Cox.

Sir,

Mohammerah, September 21, 1910.

I HAVE the honour to submit a memorandum on the subject of the Mohammerah-Dizful section of the proposed Mohammerah-Julfa Railway, based on personal observation and repeated journeys over the proposed alignment during the past three years.

A. T. WILSON, Lieutenant, Indian Army,
Acting Consul.

Enclosure 3 in No. 316.

Memorandum by Lieutenant Wilson on the Mohammerah-Dizful Section of the projected Mohammerah-Julfa Railway.

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Reference to Maps of Country traversed by proposed Railway.

Mohammerah-Kut Nahr Hashim.—1 mile = 1 inch. Four sheets. Chief of Staff's Division 1909-10. Plane table surveys with levels and contours.

Mohammerah-Dizful.—4 miles = 1 inch. Six sheets. Chief of the Staff's Division, 1909.

1. GENERAL.

Length of proposed Railway from Mohammerah to Dizful.

If the route proposed below be adopted, the length of this section would be 164 miles:—

	Miles.
Mohammerah-Sab'eh.. ..	36
Sab'eh-Kut Nahr Hashim ..	50
Kut Nahr Hashim-Shaur River ..	16
Shaur River-Shush ..	45
Shush-Dizful ..	18
Total	164

Were it decided to adopt the route via Ahwaz (Aminieh, opposite Nasiri on the west bank of the Karun, being selected as the station instead of via Kut Nahr Hashim, the total distance would be about 10 miles greater, i.e., 174.

The following statement of distance, as the crow flies, from Dizful to various towns in Persia on the line of the Julfa-Mohammerah Railway, or connected therewith, is attached for ready reference:—

	Miles.
Mohammerah	150
Khurramabad	80
Burujird	105
Sultanabad	140
Daulatabad	140
Tehran	260
Hamadan	170
Kasvin	260
Tabreez	380
Julfa	440

Distances by railway would probably be about 20 per cent. greater.

Route.

A reference to the attached sketch map^{*} will show that there are really only two possible railway routes from Mohammerah to Dizful. One leaves Ahwaz to the east, and instead touches Kut Nahr Hashim, a potential irrigation centre of the greatest importance. The second follows the west bank of the Karun to Aminieh, opposite Nasiri (Ahwaz), and runs thence direct to Dizful.

The comparative merits of the two routes are summarised below:—

Kut Nahr Hashim Route.
(Length, 164 miles.)

Would greatly facilitate adoption of Karkhah irrigation scheme, an unanimous measure estimated to cost 75,000*l.*, and returning net profit 20 per cent.

Would secure all the Mohammerah-Dizful traffic and have nothing to fear from competition of river steamers, which would feed Ahwaz and Ispahan as usual.

Would give Arabistan a double set of communications (rail and river) serving different areas, the one down the Diz serving the Kut Nahr Hashim and Hawizeh districts, the other down the Karun, from Shushter.

The balance of advantage lies, I think, with the Kut Nahr Hashim route, and this is the line I recommend.

2. POLITICAL.

Position of Sheikh of Mohammerah in regard to Railway Project in Arabistan.

The Sheikh of Mohammerah may be expected, in view of his close relations with the British Government, to co-operate with the latter in any scheme proposed by them

* Not printed.

for a railway through his territories. As the chief of a hegemony of practically all the Arab tribes in Arabistan, and responsible for their attitude to the Persian Government, it is upon him that we must rely to maintain order and prevent tribal animosities from impeding the progress of operations; the experience of ten years shows us that he will not fail to do so, but his position as landowner must also be borne in mind. He holds firmans granting to him, amongst other districts, that of Mohammerah, which is generally considered to run up the west bank of the Karun to a point a few miles north of Sab'eh.

From this point to Shush the proposed alignment passes through the following districts, all of which are claimed, under firmans of the Shah, by the present Nizam-es-Sultaneh, nephew of the late Hussain Kuli Khan, Nizam-es-Sultaneh, to whom they were originally granted:—

- (1.) Karun, west bank;
- (2.) Kut Nahr Hashim;
- (3.) Anafieh;
- (4.) Hussainabad.

The sheikh, however, denies the validity of these firmans on the ground that the districts have from time immemorial been in the possession of the Arab tribes over whom he rules, and that the latter cannot be deprived of their lands.

It would probably be easy to obtain land free of cost unless irrigated by water, and thus reduce the cost of acquisition of land to a small figure, as the railway would pass through irrigated land only at the terminus, Mohammerah, and near Dizful.

Were it decided to commence construction of this line, the first step would be to conclude an agreement with the sheikh by which he undertook reasonable responsibility for the safety of the line, and granted the necessary lands at a fixed price. The Nizam-es-Sultaneh might be ignored and left to put in his claim for compensation in respect of the uncultivated lands, or the lands intermittently cultivated by rain, which have been appropriated for the use of the railway, and which he might claim as his own.

Possible Tribal Opposition outside Sheikh's Territories.

I think it improbable that any serious opposition to the construction of the line, or any serious attempt to interfere with it when constructed, would be experienced. A hundred armed men supplied by the sheikh would be ample to protect the camps from occasional raiding parties of trans-frontier Arabs, and if the services of half a regiment of Pioneers from India were to be utilised, their double rôle of workmen and soldiers would stand them in good stead, and probably greatly facilitate rapid construction. Moreover, their position and duties as pioneers would conceal to a large extent their military rôle, and enable their services to be utilised without causing great alarm to the Persian Government.

The presence of Lur tribes, mainly Sagwand, in the neighbourhood of Shush and Dizful might cause some slight difficulty, but these tribes take readily to manual labour, and the advent of the railway, with the consequent demand for unskilled labour, would be welcome to them. In any case, the support of their headmen could be obtained without great expense.

3. TECHNICAL.

Description of the Country through which the Line would pass.

Mohammerah-Kut Nahr Hashim Section. 86 miles.—Flat, barren, alluvial soil, not liable to be flooded except close to Mohammerah, and then only a few inches deep. Little sand. No stone. Practically no nalas or drainage channels. No vegetation. Water obtainable anywhere at from 15 feet to 20 feet by digging. Kut Nahr Hashim is 250 feet above sea.

Kut Nahr Hashim-Shaur. 16 miles.—Gently undulating ground, low short ridges of soft rock which can be cut through or skirted. Sand hills frequent, but offer no difficulty to railway construction. Upward slope of ground towards the north still almost imperceptible. No drainage channels or nalas worthy of note. Shaur River must be bridged (see below). Cultivation in good years near Kut Nahr Hashim.

Shaur-Shush. 45 miles.—Up to within 10 miles of Shush line follows west bank of Diz. Alluvial soil. No sand or stones. Plentiful brushwood. At 10 miles south of Shush low gravel hills perhaps 60 feet high have to be crossed. These offer

no difficulty whatever, and will form a useful source of gravel for ballast. From the foot of the hills to Shush the ground is flat and alluvial, cultivated (by rain) here and there and by irrigation near Shush. Shush is about 550 feet above the sea.

Shush-Dizful.—Over undulating and, near Dizful, stony ground. Two branches of the Balad Rud crossed (see below). No difficulty whatever offered to railway. Rail-head would be on west bank of Diz, close to bridge; the Kal'ech-i-Kushk, on the west bank of the town, might well be utilised in connection with the railway. Dizful is 600 feet above sea.

Gauge.

The gauge of Russian railways in the Caucasus would presumably be chosen by the Russian Government for the northern section of the Julfa-Mohammerah Railway, and would presumably be accepted by us, as we could oppose no valid argument against its adoption.

Stations.

The terminus at Mohammerah would of course be carefully designed so as to permit of subsequent enlargement when it becomes necessary to handle large volume of traffic.

The enclosed sketch map* indicates the site which I believe to be most suitable for the terminus. Should there be any likelihood of the railway project materialising, it is worthy of consideration whether the sheikh should not be approached by us with a view to reserving for railway purposes the piece of ground shown on the map. With a frontage directly opposite the accepted anchorage on the Shatt-el-Arab, from which it would be easy to throw out piers at which seagoing vessels could unload direct into trucks, and with the custom-house close by, the site is in every way suitable for a large railway terminus.

A second station or wayside halt would be necessary at Sab'eh, on the Karun; tanks to supply the engine with water should be erected here.

A third station, with facilities, eventually, for handling grain and tanks for water, would be necessary at Kut Nahr Hashim, on the Karkhah; a fourth at Shush, on the Shaur. The Dizful station, on the west bank of the Diz, should be provided with the usual terminal facilities, goods sheds, locomotive sheds, quarters for staff. It would have to be built in such a way as to enable it to be held, if necessary, against an attack by Lur tribesmen. The advantage of the propinquity of the Karun and Karkhah for watering can scarcely be underrated.

Ballast.

Ballast of excellent quality is obtainable near Dizful from limestone boulders in the Balad Rud and Diz. Gravel of poor quality is available in hills south of Shush. Sandstone of inferior quality, but sufficiently good to be used as ballast for slow trains, is obtainable from the hills at Kut Nahr Hashim. South of this point no stone is to be obtained, except by boat from Koweit.

Bridges.

Khaz'alieh canal, behind Mohammerah town. Twenty-foot bridge necessary, 12 feet above ground level.

Shaur River.—This is a mere ditch, not subject to floods, 50-foot span only.

Balad Rud.—Two bridges necessary, each about 39 yards long; good ground for pillars in bed of stream, and floods not serious.

It will be apparent from the above description that from an engineering point of view this section presents no difficulties, and should be constructed very cheaply.

Local Labour.

The labour obtainable in Arabistan is of two kinds—Arab and Persian. The Arab, however, is too well off to be under the necessity of working with a spade at 2 kran a-day, and is constitutionally unfitted for regular and strenuous work. The experience of the Anglo-Persian Oil Company has been that it is mainly upon Persian

* Not printed.

labour that reliance must be placed, but they have had no difficulty in obtaining 1,000 Arabs for work in the neighbourhood of Mohammerah.

In Ahwaz and elsewhere in Arabistan Persian (Lur) labourers are plentiful and fairly satisfactory. Usual pay is 2 kran per diem (8 annas).

Excavation is usually performed by basket and spade. The spades used locally are of a special long-handled type, but the experience of the Anglo-Persian Oil Company is that Lurs adapt themselves readily to the European pattern shovel and pick.

Lurs and also Arabs work best in gangs under their own chiefs; unless some such arrangement is made, they are apt to get out of hand, but they are, on the whole, easily handled and amenable to mild discipline.

Fuel Supply.

The Anglo-Persian Oil Company's refinery at Braim, 5 miles from Mohammerah, is conveniently situated to supply oil fuel in any quantity, and it will be unnecessary to import coal.

The Kilab oil springs, a few miles north of Dizful, are at present inaccessible on account of tribal difficulties, but were a railway through Luristan to be opened it is probable that the oil company would bore for oil there.

Were oil to be struck, a great impetus would be given to the railway.

The engines on the Russian section of the line will doubtless be fitted to burn oil, and it is fortunate that the southern section should be not less favourably situated in this respect.

4. FINANCIAL.

Probable Cost per mile of Mohammerah-Dizful Section.

Sir William Willcocks has estimated the approximate cost of constructing and equipping a railway of 4 feet 8½ inches gauge in Arabistan at about 3,000l. per mile. Following his estimate, the total cost of this section would be about 500,000l. Sir William quoted the above figure as an outside estimate, and one upon which under favourable circumstances much saving might be effected.

Local Traffic.

It is not possible at this stage to give any reasoned estimate of the quantity of goods that would be carried by rail were the connection of Mohammerah with Sultanabad and Central Persia generally complete either by rail or road. But in regard to local traffic alone, it is possible to obtain some idea of the volume of produce which would be imported to be exported from Dizful by railway. The imports into Dizful from Mohammerah or Amarah are not large, probably not more than 1,000 tons per annum. The exports are at the moment even smaller, owing to lack of communications. The existence of a railway would afford a stimulus to agriculture, and the exports of grain, reeds for pens, oil seeds, cotton, wool, gum, galls, &c., would rapidly increase and might reach a total of 10,000 tons by the end of the third year.

It is improbable that the railway, even were it to touch the Karun opposite Ahwaz, would be able to secure an appreciable proportion of the imports and exports which are now transported by steamer between Ahwaz and Mohammerah, and between Ahwaz and Ispahan by mules. The river steamers will always be in a position, as long as the river is not utilised for irrigation, to compete successfully against the railway.

Relation of Railway to Irrigation Schemes in Arabistan.

From the foregoing paragraphs it is plain that the Mohammerah-Dizful Railway would have to rely for its traffic mainly on the through traffic between Central Persia and the south, local requirements being almost negligible at the present moment.

But it must not be imagined that the low productivity of the country through which the railway passes is necessarily permanent. It is due to lack of security, capital, or communications. The construction of the railway will bring security, and a wise and moderate capital outlay on irrigation works at Kut Nahr Hashim and Dizful by those responsible for the railway will not only be financially profitable in itself, but will greatly increase traffic receipts.

Any detailed reference to the Karkhah irrigation scheme would be out of place here, and reference is invited to Sir W. Willcocks's detailed reports on the subject. It is sufficient to say that he estimated that by a dam at Sinn-ul-Abbas, 5 miles above Kut Nahr Hashim, an area of 100,000 acres could be irrigated by a capital expenditure of 75,000*l.*, upon which a return of 20 per cent. was certain. The existence of a railway from Mohammerah to Kut Nahr Hashim would probably reduce the expenditure necessary from 75,000*l.* to 50,000*l.*

But this scheme does not stand alone; millions of acres of potentially fertile land on the west bank of the Diz and on either side of the Shaur now lie fallow, and only await irrigation to give proof of a richness and productivity unequalled even in Mesopotamia.

A. T. WILSON, *Lieutenant,
Indian Army.*

[41819]

No. 317.

Sir F. Bertie to Sir Edward Grey.—(Received November 17.)

(No. 430.)

Sir,

Paris, November 16, 1910.

I HAVE the honour to transmit to you, extracted from the "Figaro" of the 11th instant, copy of a telegraphic report from the correspondent of that journal at St. Petersburg, giving an account of an interview which he had with a high personage at the Russian Ministry for Foreign Affairs on the subject of the Potsdam meeting.

The personage in question maintains that that meeting has happily served to clear the air of the electricity with which it was charged, in so far as regards Russo-German relations. An assurance had been given to Germany that Russia had no desire to infringe on the autonomy of Persia. No objection was felt by Russia to the construction of the Bagdad Railway. After some remarks on the situation in the Near East the interview came to an end. M. René Marchand observes that the Potsdam meeting must be held to mark the end of the period of cold relations between Russia and Germany and as the sign of a renewal of good relations between the two countries. M. Pichon informed me to-day that the interview in question was dictated by M. Sazonow himself.

I have, &c.

FRANCIS BERTIE.

Enclosure in No. 317.

Extract from the "Figaro" of May 11, 1910.

APRÈS POTSDAM : LA POLITIQUE DE LA RUSSIE.

J'AI pu avoir au Ministère des Affaires Étrangères un entretien auquel la personnalité de mon interlocuteur donne une haute importance.

"Est-il exact," lui ai-je demandé, "que l'entrevue de Potsdam soit un premier pas vers un changement d'orientation de la politique russe?"

"Absolument non. Notre politique extérieure, dans son état actuel, répond exactement à nos intérêts et ne saurait donc subir sur aucun point aucune modification. Sa base immuable demeure l'alliance avec la France. Quant à l'entente avec l'Angleterre, elle n'est sans doute que partielle et concerne seulement l'Orient, mais elle s'est répercutée heureusement sur les rapports mondiaux entre les deux pays. Il est déjà surabondamment démontré aujourd'hui que M. Isvolsky a fait au point de vue russe d'excellente besogne quand il a conclu en 1907 cette entente après une longue période de rivalités et de malentendus entre la Russie et l'Angleterre. Dites que la politique actuelle est la continuation de la politique suivie jusqu'à ce jour par la Russie, politique, je le répète, seule conforme à ses intérêts et répondant seule à ses besoins."

"Alors quelle est la portée de l'entrevue de Potsdam?"

"D'avoir heureusement dissipé, par une conversation générale, l'atmosphère encore chargée d'électricité qui, depuis les derniers événements que vous savez, enveloppait pour ainsi dire toujours les relations russo-allemandes."

"Ainsi la conversation de Potsdam a été une conversation générale qui n'a porté sur aucun fait précis particulier?"

"D'abord et avant tout, on s'est entretenu des questions commerciales, comme il est naturel, si vous songez à l'importance des liens commerciaux qui unissent la Russie et l'Allemagne dont les marchés sont en rapports étroits."

"Mais, dans le domaine politique, n'a-t-il été rien dit?"

"On a parlé de la Perse. Les hommes d'État allemands et l'Empereur lui-même ont été amenés à reconnaître que l'Allemagne a une situation des plus favorables, mais qu'elle avait besoin de débouchés, sa production se trouvant limitée à un champ d'exportation très restreint par suite de l'insuffisance de son empire colonial. Nous avons nettement défini notre politique persane, telle que vous la connaissez, et notamment avons indiqué la signification exacte de l'entretien par nous de garnisons dans ce pays dans un but essentiellement commercial, c'est-à-dire, pour protéger les routes des caravanes contre les tentatives des brigands tant que la Perse serait en état d'anarchie; en outre, en réponse à une question qui nous était adressée, nous avons donné l'assurance à l'Allemagne que nous n'avions aucune intention de fermer jamais la Perse à son commerce en faisant de ce pays un marché exclusivement russe et anglais, non certes que cette solution ne nous eût été très agréable à envisager, mais parce que nous n'avons aucun droit sur la Perse, qui est un État autonome et à l'autonomie duquel, fidèles à notre politique essentiellement pacifique et ennemie de toute tentative de conquête, nous n'avons aucune intention de porter atteinte."

"A-t-il été parlé du Chemin de Fer de Bagdad?"

"Les hommes d'État allemands ont paru s'y intéresser vivement. De notre côté, nous n'avons aucune objection à faire à cette entreprise."

"A-t-on abordé la question balkanique?"

"Oui, mais très sommairement pour indiquer de part et d'autre que la politique était inspirée uniquement par le désir de maintenir rigoureusement le *statu quo*."

"N'avez-vous pas été, cependant, amenés, en raison des récents événements, à envisager l'attitude de la Turquie?"

"On n'a pas spécialement parlé de la Turquie, mais les hommes d'État allemands, précisant leur déclaration générale qu'ils prenaient pour ligne de conduite le maintien absolu du *statu quo*, condition essentielle de la paix mondiale, ont ajouté que, pas plus dans les Balkans qu'ailleurs, ils n'avaient l'intention de soutenir une influence étrangère au détriment d'une autre influence étrangère. Nous en avons pris acte."

"N'a-t-il pas été question de la Crète? Notamment, n'a-t-on pas envisagé, en vue d'une solution définitive à donner au problème crétois, la réunion d'une conférence internationale, à laquelle prendraient part, outre les Puissances protectrices, l'Allemagne et l'Autriche?"

"Il n'a été en aucune façon et à aucun moment parlé de la Crète."

"Et de l'Extrême-Orient?"

"Nous n'en avons pas parlé davantage."

"Permettez-moi maintenant de vous demander, à propos de la situation présente dans les Balkans, comment serait envisagée l'attitude de la Turquie au cas où elle croirait devoir prendre dans les Balkans fait et cause pour une influence au détriment des autres?"

"Je n'ai pas à répondre à une semblable question dictée par une simple hypothèse. Je puis dire seulement que nous avons donné à la Jeune-Turquie, en consentant un important sacrifice pécuniaire pour régler son différend avec la Bulgarie, une preuve toute particulière de notre fervent désir de maintenir le *statu quo* balkanique et de nos intentions, non seulement pacifiques, mais sympathiques à son égard. Il convient donc aujourd'hui de faire crédit à la Jeune-Turquie et d'attendre ses actes, qui, nous l'espérons, seront en harmonie avec les nôtres. Mais il est certain que nous ne pourrions accepter que la Turquie aille à l'encontre des intérêts de la Russie, non plus que des intérêts des États slaves. Le respect sincère et absolu de l'intégrité de ces États est d'ailleurs la condition essentielle du maintien du *statu quo*."

Telles sont, exactement reproduites, les déclarations que j'ai recueillies et que vous pouvez considérer, d'après mes informations, comme l'expression de la politique du nouveau Ministre. Elles confirment d'ailleurs pleinement l'impression que je m'étais faite à la suite de conversations dans les milieux diplomatiques sur l'entrevue de Potsdam. Il faut considérer cette entrevue, à la suite d'une période de froid marqué entre la Russie et l'Allemagne, comme un indice heureux de reprise de bonnes relations.—RENÉ MARCHAND.

Saint-Petersbourg, le 10 novembre, 1910.

[41917]

No. 318.

Memorandum communicated by Mirza Mehdi Khan.—(Received November 17.)

THE Persian Minister has had the honour of receiving Sir Edward Grey's communication, dated the 8th instant, on the subject of the ex-Shah's pension and the manner in which the Persian Foreign Minister had been treated by His Britannic Majesty's and the Russian Legations.

Sir Edward Grey says that in his dealings with the Russian and British Ministers in regard to this matter the Persian Minister for Foreign Affairs never mentioned the various infringements of the protocol, referred to in his Excellency's telegram, as reasons for non-payment of the pension. The Persian Minister fears that the telegram of Hussein Kuli Khan, the Persian Minister for Foreign Affairs, must have been misunderstood by Sir Edward Grey. Hussein Kuli Khan did not mention those infringements and non-fulfilments of the various articles of the protocol as reasons for the unavoidable slight delay in the payment of the ex-Shah's pension. In referring to them he wished to prove the more strongly the injustice of the treatment he had been subjected to by the two legations (to whom, as Sir Edward Grey rightly remarks in his communication of the 8th instant, "the protocol of 1909 is a matter of joint concern"). Hussein Kuli Khan said that, notwithstanding these direct infringements of the protocol, and notwithstanding the fact that the Persian Government had not declined payment, but on the contrary his Excellency had distinctly said that the amount would be paid at once (and it was paid on the following day), the two legations treated him as they had done. This incident, especially under the circumstances explained above, is taken as a most unfriendly act. The Persian Minister, animated with the keenest desire to maintain and to strengthen the friendly relations happily existing between his country and Great Britain, sincerely hopes that His Britannic Majesty's Government will, in conjunction with the Government of His Imperial Majesty the Czar, do something to remove the ill-feeling and offence which the incident has caused.

As to the remarks of the Persian Minister for Foreign Affairs regarding the financial question—remarks to which Sir Edward Grey takes exception—the Persian Minister begs leave to say that in making these remarks the Persian Foreign Minister had probably in his mind the long period during which the Persian Government were kept in suspense for the offer of the joint Anglo-Russian loan of 400,000*l.*, and when the offer came its political conditions made it impossible for the Persian Government to entertain it. The remarks also refer to the indirect restraint put on the freedom of action of the Persian Government to obtain a loan from other quarters.

Persian Legation, November 16, 1910.

[41815]

No. 319.

Sir G. Barclay to Sir Edward Grey.—(Received November 17.)

(No. 476.)

(Telegraphic.) P.

Tehran, November 17, 1910.

KASHAN. My telegram No. 471.

Russian Minister informs me that Minister for Foreign Affairs has replied in a note apologizing for the outrage to the Russian flag. The note, however, maintains that the Russian consular agent had no consular status, as the Persian Government had refused to recognise him.

Russian Minister says that he notified consular agent's appointment in July, and Persian Government only raised objections at the end of October. Moreover, that it is not customary to ask Persian Government's approval for such appointments.

Russian Minister insists on the reparation he has demanded, and is recommending his Government that Persian Government should be threatened that unless within a certain time this reparation is made some of the northern customs will be seized.

The execution of this threat might have far-reaching and possibly permanent consequences which it is unnecessary to emphasise here, and to avoid this danger I venture to submit that, if you can authorise me to join Russian Minister, he and I should threaten Hussein Kuli Khan that we shall have no dealings with him personally unless the reparation demanded by M. Poklewski is granted.

M. Poklewski is informing his Government that last-named course will probably prove sufficient if joint action is taken.

[41897]

No. 320.

Sir G. Barclay to Sir Edward Grey.—(Received November 17.)

(No. 477.)

(Telegraphic.) P.

Tehran, November 17, 1910.

JULFA-MOHAMMERAH railway survey.

Despatches Nos. 67 and 68 from His Majesty's consul-general at Bushire addressed to me should now be at the Foreign Office waiting to be forwarded. Please open and keep them. Duplicates have been received direct from Bushire.

I have been asked my views in the matter by Government of India. In reply, I have endorsed His Majesty's consul-general's view that Lieutenant Wilson should be authorised to undertake tour proposed, subject to condition contained at end of paragraph 5 of his despatch to India (please see Colonel Cox's despatch No. 67).

[41871]

No. 321.

Sir G. Barclay to Sir Edward Grey.—(Received November 17.)

(No. 478.)

(Telegraphic.) R.

Tehran, November 17, 1910.

YOUR telegram No. 343 of the 16th November.

At present, and until situation shows real improvement, I must adhere to view expressed in last paragraph of my telegram No. 397 of the 1st October. Situation at Shiraz has lately given considerable cause for anxiety.

[41813]

No. 322.

Sir Edward Grey to Mr. O'Beirne.

(No. 689.)

(Telegraphic.) P.

Foreign Office, November 17, 1910.

SEE your telegram No. 317 of the 16th November.

You should inform Acting Minister for Foreign Affairs that I am glad to hear that he has no desire to exaggerate the incident, and that I appreciate the frankness with which he has spoken to you.

You could say to him, as coming from yourself, that it is satisfactory to hear that the Persian Government have apologised in writing, and, if the police officer is dismissed, you presume that the incident will be considered as closed.

(Confidential.)

Sir G. Barclay's telegram No. 476 of the 17th November with regard to Russian proposal that we should take joint action in boycotting Persian Minister for Foreign Affairs, His Majesty's Government are not disposed to acquiesce. You could deprecate any such measure, if Acting Minister for Foreign Affairs refers to point, as likely, especially at this juncture, greatly to embarrass both Russians and ourselves and in no way calculated to have the effect desired.

[40797]

No. 323.

Foreign Office to Imperial Bank of Persia.

Sir,

Foreign Office, November 17, 1910.

I AM directed by the Secretary of State for Foreign Affairs to invite your attention to the arrangements arrived at between the Imperial Bank of Persia and the Persian Government so far as they relate to the Anglo-Indian debt from the latter, amounting on the 21st March last to the sum of 314,281*l.* 16*s.* 4*d.*

2. The arrangements in question are explained in clause 9 of your agreement of the 26th May, 1910, and the letter addressed by your Tehran manager to the Persian Minister of Finance, dated the 2nd June, 1910.

3. Sir E. Grey would be glad to learn whether the system by which payment is to be made to the bank of the full net customs receipts of the Persian Gulf ports, is now

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2 Y

in operation, and whether the Government of India may shortly expect to receive the monthly payments of interest on the Anglo-Indian debt.

4. As regards the sums to be retained by the Imperial Bank of Persia for its services in regard to the loan, the Secretary of State is of opinion that for the three years ending the 20th March, 1913, the bank should retain 1 per cent. interest on the above-mentioned sum of 314,281l. 16s. 4d., and that, as regards the period 21st March, 1913, to the 20th March, 1928, it will be necessary to draw up in due course a table similar to that of the original amortisation scheme, and to allow the bank to retain each year one-fifth of the interest portion of the new annuity of 30,278l. 12s. 7d. The table would be drawn up in the India Office and communicated to you by this department.

I am, &c.
LOUIS MALLET.

[41952]

No. 324.

Mr. O'Beirne to Sir Edward Grey.—(Received November 18.)

(No. 451. Confidential.)

Sir,

St. Petersburg, November 13, 1910.

IN continuation of my despatch No. 444 of the 8th instant, I have the honour to report that on the 10th instant, having received your telegram No. 677 of the 9th instant, I informed the Acting Minister for Foreign Affairs that, assuming the conversion of the debts to the Russian Bank to be only a matter of days, you would see whether it was practicable for the Imperial Bank to adopt some such course as his Excellency had suggested to me on the 8th instant.

Yesterday I communicated to his Excellency your telegram No. 680 of the previous day, in which you informed me that you had signified to the Imperial Bank your approval of its making an immediate advance to the Persian Government up to 5,000,000 krans, and also of its making a firm offer for the whole of the proposed loan, but that you had expressed the hope that the bank would not sign a definitive loan contract until the Russian Bank debt conversion had been completed. In making this communication I thought it well to remind his Excellency that His Majesty's Government could only exert moral influence with the Imperial Bank, and that they had no material control over its actions.

M. Sazonow more than once expressed the hope that the proposed transaction would not be finally concluded until the conversion of the debts to the Russian Bank had been completed. He remarked that the Imperial Bank had now practically secured the loan for themselves. He felt sure that there was no serious danger of its being taken from them by Messrs. Seligman or any third party. His Majesty's Government could, he said, do a great deal by using their influence with the bank. I said that when there had been a question of smaller advances His Majesty's Government had been able to induce the bank to refrain, but that the matter became more difficult when there was a question of a transaction like the present, which would definitely secure the position of the Imperial Bank in Persia. I added that I felt sure that His Majesty's Government would do what they could to meet the wishes of the Russian Government, but I was careful to make it plain that there was a point beyond which His Majesty's Government could not go in their intervention with the bank.

I have, &c.
HUGH O'BEIRNE.

[42009]

No. 325.

Messrs. Lynch Brothers to Foreign Office.—(Received November 18.)

Sir,

*3, Salters' Hall Court, Cannon Street,
London, November 17, 1910.*

WE have the honour to enclose a statistical statement showing the progressive increase of traffic over the Bakhtiari road since its inception in 1900. We may add that up to the end of September this year the figures for upward cargo are 30 per cent. better than for the corresponding period of last year. The transport facilities show

a very large increase, having developed from almost nothing to the following approximate figures:—

Camels	..	..	..	..	..	..	..	2,000
Mules	..	..	..	..	..	..	..	3,000
Donkeys	..	..	..	..	..	..	..	3,000

These animals are largely furnished locally, to the great advantage of the peasantry.

You may remember that this road was surveyed by Mr. H. F. B. Lynch in 1889, and constructed by our firm during the years 1898–1900. It was opened to traffic in 1900. During the recent disturbances in Persia, of all the routes from the Persian Gulf to the interior it is the only route, as far as we know, upon which the traffic has not been interrupted. It is certain that were it not for the facilities offered on this route British and Indian trade with the interior of Persia would have been greatly prejudiced, to say the least, owing to recent events. We therefore submit that the policy which some years ago we ventured to press upon His Majesty's Government with the object of opening this new avenue of communication, and which His Majesty's Government approve, has been vindicated by the results.

We have, &c.
LYNCH BROTHERS.

Enclosure in No. 325.

Bakhtiari Road Statistics.

SUMMARY for the Years 1901–9.

Year.	Number of Animals Passing over the Road.	Number of Packages.	Tons.	Revenue from Tolls Farmed or Collected by the Chiefs.
1901	2,620	1,795	102	£ 1,527
1902	5,136	11,910	549	Not known
1903	5,237	6,446	409	1,418
1904	7,392	12,531	753	1,818
1905	6,407	14,034	878	2,365
1906	9,827	19,903	1,281	2,400
1907	9,496	16,059	1,091	3,100
1908	2,783	6,007	348	2,545
1909	11,999	23,326	1,485	3,636

[42026]

No. 326.

Sir G. Barclay to Sir Edward Grey.—(Received November 18.)

(No. 479. Confidential.)

(Telegraphic.) P.

KASHAN.

Tehran, November 18, 1910.

In continuation of my telegram No. 476 of the 16th November, I have the honour to report that my Russian colleague last night seemed to take a more reasonable view of the situation. He realises the extreme difficulty of exacting compliance with his demands for reparation.

In course of our conversation I used my influence, as far as I deemed judicious, to advise M. Poklewski to accept Minister for Foreign Affairs' apology on condition that Persian Government dismissed the chief of police. He replied that the decision rested with his Government.

M. Poklewski also said that the Bakhtiari chiefs having left Ispahan now awaited an apology from them in Tehran, although he has informed Russian Government that he does not propose in his answer to the Minister for Foreign Affairs' written apology to insist upon this point. I understand that he hopes to be able to arrange the matter unofficially with the Bakhtiari.

[42027]

No. 327.

Sir G. Barclay to Sir Edward Grey.—(Received November 18.)

(No. 480.)

(Telegraphic.) R.

Tehran, November 18, 1910

YOUR telegram No. 340 of the 15th November: Southern roads.
I presented note yesterday.

[42088]

No. 328.

Mr. O'Beirne to Sir Edward Grey.—(Received November 18.)

(No. 318.)

(Telegraphic.) P.

St. Petersburg, November 18, 1910.

PLEASE see your telegram No. 398 of the 17th November to His Majesty's Ambassador at Paris.

The Acting Minister of Foreign Affairs on the 12th instant begged that I would not mention to the French Ambassador the information reported in my despatch No. 446 of the 9th November which he had given me on the 8th November. He said that though he intended to mention it himself to M. Louis, he had not yet done so from motives of secrecy.

As the Russian Government wish to be the first to communicate this information to the French Government, it might be well that His Majesty's Ambassador should not do so.

[42182]

No. 329.

Mr. O'Beirne to Sir Edward Grey.—(Received November 18.)

(No. 319.)

(Telegraphic.) P.

St. Petersburg, November 18, 1910.

M. SAZONOW was unable to see me to-day. I will therefore speak to him to-morrow on the subject of the Kashan incident.

In the meantime, I have communicated to his Excellency the first paragraph of your telegram No. 689 of the 17th instant.

[41688]

No. 330.

Sir Edward Grey to Mr. O'Beirne.

(No. 692.)

(Telegraphic.) P.

Foreign Office, November 18, 1910.

GREAT BRITAIN and Russia in Persia. See your telegram No. 315 of the 15th November.

I wish you to make clear to Acting Minister for Foreign Affairs the general lines of policy which His Majesty's Government have adopted with regard to Persia. It has been our object to enable the Government of the Shah to maintain order themselves and to establish their own authority in the country, and with this aim in view we have acted in conjunction with the Russian Government.

On all points affecting Russian vested interests, His Majesty's Minister at Tehran has been instructed to support his Russian colleague, since His Majesty's Government have always held that one condition of this policy is, that those interests should be respected. For this reason, though it has at times been difficult to see how the continued presence of all the Russian troops in Persia, especially of the Kazvin force, can be considered to be consistent with the conditions laid down by the Russian Government themselves with reference to this particular question, no demur has been made to measures considered by the Russian Government to be necessary for the adequate protection of their interests in Northern Persia.

Meanwhile, commercial firms are continually complaining of the danger, disorder, and obstruction prevailing on the southern trade routes, which, till the Persian Government have money, is bound to continue. It is understood that Russian trade has suffered less than ours, and the Russian Government would be placing us in an invidious and impossible position were they to expect us to use all our influence to

prevent the Persian Government from obtaining the means to restore order, which is essential to our commercial interests. In giving consistent support to the Russian Minister at Tehran we have always expected that, when occasion required, British interests would receive equal consideration at the hands of the Russian Government, and I feel sure that M. Sazonoff will appreciate our action and attitude in this matter.

(Following is Confidential.)

As to troops, it might be remarked that, when their presence is no longer necessary, or is unnecessary, in the places where they are, their indefinite stay in full strength would be inconsistent with the maintenance of any native government at all in Persia, especially when combined with refusal or prevention of all financial help to Persian Government.

[41688]

No. 331.

Sir Edward Grey to Mr. O'Beirne.

(No. 693.)

(Telegraphic.) P.

Foreign Office, November 18, 1910.

PROPOSED loan to Persian Government (Imperial Bank).

You should inform M. Sazonow of the following (see your telegram No. 315 of the 15th November):—

We have heard that the Persian Government will again turn to outside firms if the Imperial Bank do not offer a contract, and that the Persian Government will find several firms ready to enter into negotiations, including an American one. It is therefore impossible for me to urge the Imperial Bank not to communicate the contract, as a loan by an outside firm would be embarrassing for us and disastrous for the bank. A delay of two or three weeks will occur before the signature of the contract, as I am informed that it must be submitted to the Medjliss; and the loan could not be issued for about two months after the date of signature. The end of the year will be the earliest date at which money beyond cash advance referred to in my telegram No. 680 of the 11th November will be advanced. The Russian Government should thus have ample time to complete conversion of Russian Bank's debt, and, if desired, instructions will be sent to Sir G. Barclay to lend his influence to support Russian negotiations in every possible way.

[41676]

No. 332.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 83. Confidential.)

Sir,

Foreign Office, November 18, 1910.

I TRANSMIT to you herewith a copy of a telegram from His Majesty's Minister at Tehran,* reporting that the present Swedish consul-general in Tehran, who is a British subject, is about to resign his post and leave Persia. In these circumstances I shall be glad if you will endeavour to secure the appointment of another British subject by the Swedish Government.

I have to state further, for your confidential information, that in consequence of the rumours, as to which His Majesty's Government have no official confirmation, that Persia may apply to the Swedish Government for the loan of officers for road guards in Southern Persia, this matter might assume some importance.

I am, &c.

E. GREY.

[1761]

* No. 302.

2 Z

[41723]

No. 333.

Foreign Office to Admiralty.

Sir,

Foreign Office, November 18, 1910.

WITH reference to your letter of the 26th October respecting the detachment at Shiraz and the retention of the Maxim gun at that place, I am directed by the Secretary of State for Foreign Affairs to transmit to you, for the information of the Lords Commissioners of the Admiralty, copy of a letter received from the India Office,² dated the 15th November, enclosing copy of a telegram from the Viceroy of India on the subject.

A copy of a telegram to His Majesty's Minister at Tehran, asking his opinion as to the retention of the Maxim gun, is also enclosed.[†]

I am, &c.

LOUIS MALLET.

[41673]

No. 334.

Foreign Office to Anglo-Persian Oil Company.

Sir,

Foreign Office, November 18, 1910.

I AM directed by the Secretary of State for Foreign Affairs to inform you that, according to a telegram from His Majesty's Minister at Tehran, the local representatives of your company in Persia have stated to His Majesty's acting consul at Mohammerah that they intend to bore for oil in the territory of the Sheikh of Mohammerah without securing his previous assent, alleging that the second paragraph of article 3 of your concession applies only to works mentioned in article 2. It is reported that if the sheikh objects your company proposes to stop work and to claim damages from the Persian Government.

Sir G. Barclay states that the sheikh will certainly raise objections to the proposed action of your representatives, and that it would be impolitic both for your company to alienate the sheikh's good-will and for His Majesty's Legation to support such a claim as that foreshadowed above. In this view Sir E. Grey concurs, but he is unable to pronounce upon the exact interpretation of the articles of your concession cited above until he has received a full report on the subject, which is now in course of transmission by post.

I am therefore directed to express to you his hope that you will for the present defer action as to boring for oil in the district in question without the assent of the Sheikh of Mohammerah.

I am, &c.

LOUIS MALLET.

[41669]

No. 335.

Foreign Office to Messrs. Ellinger and Co.

Gentlemen,

Foreign Office, November 18, 1910.

WITH reference to my letter of the 27th October, respecting your desire to send two engineers to Persia to examine the mineral deposits in the neighbourhood of Bunder Abbas and Lingah, I am directed by the Secretary of State for Foreign Affairs to inform you that a telegram on the subject has now been received from His Majesty's Minister at Tehran.

Sir G. Barclay considers that engineers would run the risk of encountering native opposition unless they were recommended from the central authorities to the local headmen. In any case, no expensive escort would be necessary. The possibility of work is solely dependent upon the good-will of the natives. Provided that this good-will were secured, the payment of two or three villagers to protect the camp from theft would be all that would be necessary. This would hold good if it were necessary to undertake digging work and to make a stay of some days for that purpose.

However, if the engineers went as ordinary travellers and could make their

* No. 309.

† No. 314.

examination in the course of one morning, His Majesty's consul at Bunder Abbas could show them round, and in this case no permits would be required.

His Majesty's Minister states his belief that all the places mentioned were recently examined by the official Geological Survey of India, and are reported on in the memoirs of that department, volume 34, part 4, sold by Kegan Paul, and published in 1908.

I am, &c.

LOUIS MALLET.

[42181]

No. 336.

Imperial Bank of Persia to Foreign Office.—(Received November 19.)

Sir,

25, Abchurch Lane, London, November 19, 1910.

I HAVE the honour to send herewith, for information, two copies of the contract for the proposed Persian loan, which we telegraphed to the chief manager of the bank yesterday.

I have, &c.

G. NEWELL, Manager.

Enclosure in No. 336.

*Draft Contract between the Persian Government and the Imperial Bank of Persia,
November 16, 1910.*

THIS contract, made the day of , 1910, between the Imperial Government of Persia, of the one part, and the Imperial Bank of Persia (hereinafter called "the bank"), of the other part:

WHEREAS the Imperial Government of Persia are desirous of issuing in London a loan to the amount of 1,250,000*l.*, and the bank have agreed to take the said loan firm at the price of 87*l.* 10*s.* per 100*l.*;

Now these presents witness and declare that it is agreed between the Imperial Government of Persia and the bank as follows:—

1. The bank shall take the said loan firm at the rate of 87*l.* 10*s.* for every 100*l.* of the said loan.
2. The Imperial Government of Persia shall issue in London 12,500 bonds of 100*l.* each, such bonds to carry interest at the rate of 5 per cent. per annum, and to be framed in the usual form of Government bonds, the loan to be redeemable at par by means of a cumulative sinking fund of $\frac{1}{2}$ per cent. per annum, commencing in 1925 and extending over a period not exceeding fifty years. The drawings will take place in London in April in each year, and the drawn bonds will be paid off at par on the 15th May following, after which date interest on the bonds so drawn will cease.
3. The Imperial Government of Persia shall duly observe and perform all the provisions contained in the said bonds as to payment of the loan and interest thereon and otherwise.
4. The Persian Government have the right to redeem the loan at any time after the year 1925 on giving six months' notice.
5. The Imperial Government of Persia specially assign to the service of the loan, and as a first charge thereon (subject only to prior charges, amounting to 15,714*l.* 1*s.* 10*d.* per annum for three years, and 30,278*l.* 12*s.* 7*d.* per annum from 1913 to 1928), the full net customs receipts of every description which the Government now is, or at any time hereafter may be, entitled to collect and receive at all ports or places in the Persian Gulf, including Bushire, Bunder Abbas, Lingah, Mohammerah, and Ahwaz, which receipts are hereby made payable to the bank, and the Imperial Government of Persia hereby engage forthwith, after receipt thereof, to pay to the bank all such customs receipts as aforesaid, without deduction other than for actual expenses of administration of the customs of the said ports disbursed prior to the date of such payment.

(a.) The Imperial Government of Persia undertake that throughout the continuance of the loan all sums collected by the Customs Administration as at present existing

shall be paid to the bank at the ports of collection or nearest branches week by week for the service of the loan, and accounts of such receipts shall be submitted to the Persian Government by the bank at the end of each month.

(b.) The bank shall, out of the moneys so collected, pay the prior charges above mentioned, and the interest and sinking fund of the loan, and shall hold the surplus at the disposal of the Imperial Government of Persia.

(c.) The bank undertakes, out of the moneys so received, to pay on behalf of the Imperial Government of Persia the half-yearly coupon in London, and supervise the working of the sinking fund and pay all charges connected with the same.

(d.) In the event of the customs receipts of the above-mentioned ports for any one month falling short of the amount required for the service of the loan, either for interest or amortisation, the Imperial Government of Persia binds itself to make good such deficiency from other sources of Government revenue; and, further, notwithstanding such extra provision, should receipts from these sources fall below the amount required for payment of the coupon and amortisation on due date, the Imperial Government of Persia hereby empower and authorise the bank or its agents to collect and control all customs receipts at all ports or places in the Persian Gulf, including Bunder Abbas, Lingah, Bushire, Mohammerah, and Ahwaz, for the purpose of meeting the prior charges hereinbefore mentioned and the liabilities arising from the present loan until such time as existing arrears be liquidated.

6. Out of the proceeds of the loan the bank is authorised by the Imperial Government of Persia to pay off the outstanding liabilities of the Imperial Government to the bank and hold the remainder at the disposal of the Government within three months after the signing of the contract.

7. During the continuation of the loan, or for such less period as the bank shall desire, the bank shall be the sole agents and representatives of the Government of Persia in England with respect to the said loan and all matters connected therewith, but undertakes no pecuniary liability whatsoever towards the bondholders.

8. The bonds of the present loan are for ever exempt from all or any Persian tax or deduction. The interest and capital, therefore, will not at any time or under any circumstances be liable to any reduction whatever on the part of the Imperial Government of Persia.

[42190]

No. 337.

Sir G. Barclay to Sir Edward Grey.—(Received November 19.)

(No. 482.)

(Telegraphic.) R.

Tehran, November 19, 1910.

MY telegram No. 473 of the 15th November: Conversion of Persian Government's debt to Russian Bank.

My Russian colleague tells me that he yesterday presented his amended draft convention to Persian Government. It is to be considered by Cabinet to-day, and my colleague is led to expect answer on Monday.

[42191]

No. 338.

Sir G. Barclay to Sir Edward Grey.—(Received November 19.)

(No. 483.)

(Telegraphic.) En clair.

Tehran, November 19, 1910.

IMPERIAL Bank to-day submitted contract to Persian Government.

[42193]

No. 339.

Mr. O'Beirne to Sir Edward Grey.—(Received November 19.)

(No. 320.)

(Telegraphic.) P.

St. Petersburg, November 19, 1910.

LOAN to Persia by Imperial Bank.

To-day I handed to M. Sazonow an *aide-mémoire* embodying the substance of your telegram No. 693 of yesterday, and I also explained to him the attitude of His Majesty's Government in the sense of your telegram No. 692 of the same date, laying

special emphasis on the fact that if His Majesty's Government prevented the Persian Government obtaining money and at the same time called on the latter to restore order in Persia their position would be indefensible.

His Excellency now seemed inclined to take a more philosophical view of the question. He assured me that he fully appreciated the support which Russian policy in Persia has received from Great Britain, and said that to create difficulties for His Majesty's Government was far from his wish. The question of retaining the Russian troops in North Persia was not touched on by his Excellency, and I thought it advisable not to recur to his statement of four days ago on this matter.

If, said M. Sazonow, there was a sincere desire on the part of the Persian Government to come to terms in regard to the conversion of their debts to the Russian Bank, two months would amply suffice for the negotiations, but he feared that the Persians might pursue a policy of obstruction, since they knew that their loan would in any case be obtained, and since the present Minister for Foreign Affairs was violently hostile to Russia. I said that it would seem to me strange if the Russian and British Ministers could not bring the Persian Government to a settlement. If any steps were suggested by M. Poklewsky in which he could usefully be joined by Sir G. Barclay the latter would act in concert with him. M. Sazonow said that he would consult M. Poklewsky on that point by telegraph.

[42194]

No. 340.

Mr. O'Beirne to Sir Edward Grey.—(Received November 19.)

(No. 321.)

(Telegraphic.) P.

St. Petersburg, November 19, 1910.

VIOLATION of Russian consular agent's house at Kashan.

M. Sazonow was much perplexed as to this matter when I saw him this afternoon, and said that in order to obtain satisfaction Russia must "go to the bitter end." I made some comments as to the severity of the demands put forward, but M. Sazonow replied that M. Poklewsky appeared to have formulated them definitely, and in that case they could not now be altered. I replied that nevertheless some modification seemed to be thought possible by M. Poklewsky himself, and finally his Excellency said that instructions would be sent to Tehran to the effect that, so far as the circumstances allowed, the utmost moderation should be used.

M. Sazonow went on to speak of how pressure could be brought to bear on the Persian Government, but on his suggesting that all dealings with the Minister for Foreign Affairs should be suspended by the British and Russian Ministers, I explained to him the reasons for which you objected to such a course. I deprecated also the proposal made by M. Poklewsky that certain customs should be seized. His Excellency explained, however, that the proposal was not to interfere with the Persian administration, but merely that Russian sentries should be placed over the custom-houses, and he added that as regards this question he was anxious not to have any difference with His Majesty's Government.

[42192]

No. 341.

Sir G. Barclay to Sir Edward Grey.—(Received November 20.)

(No. 484.)

(Telegraphic.) R.

Tehran, November 20, 1910.

MINISTER of Posts and Telegraphs has asked Indo-European Telegraph Department for loan of an inspector to effect urgent temporary repairs on Arabistan telegraph lines.

Department would do [? well] to comply, making it clear that this in no way involves waiving of our agreement, which still awaits ratification of Medjliss.

[1761]

[42250]

No. 342.

Sir G. Barclay to Sir Edward Grey.—(Received November 21.)

(No. 191.)

Sir,

Tehran, October 15, 1910.

I HAVE the honour to acknowledge the receipt of your despatch No. 145 of the 5th September respecting the strength of the Shiraz consular escort.

I shall not fail to inform you as soon as I consider it safe to reduce this escort to its normal strength.

I have, &c.

G. BARCLAY.

[42254]

No. 343.

Sir G. Barclay to Sir Edward Grey.—(Received November 21.)

(No. 197.)

Sir,

Tehran, October 31, 1910.

AS I had the honour to report by telegraph yesterday, the Cabinet has again been reconstructed, for the seventh time since the deposition of Mohammad Ali, and, while the premiership remains under Mustaufi-ul-Mamalek, the most important innovation is the appointment of Prince Ain-ed-Dowleh as Minister of the Interior.

The Cabinet, which in July last succeeded that of Sipahdar and Sardar Assad, was an experiment inasmuch as all the Ministers, with the exception of Farman Farma, who was given the portfolio of the Interior, were young Nationalists, and nearly all formed part of the Extremist group in the Medjliss, which Nasr-ul-Mulk characterised as the "minorité bruyante." Farman Farma soon found that he could not live on harmonious terms with this group, and within two months handed in his resignation, which left the Ministry of the Interior vacant until yesterday.

The Premier's position as head of the Cabinet being merely nominal, there remained, therefore, five Ministers, of whom Hussein Kuli Khan and Kawam-es-Sultaneh were the most prominent, all energetic and young, but who neither enjoyed prestige in the country nor the support of the majority in the Medjliss. During September and October the Cabinet has consequently been the object of continued criticism and attack by the majority in the Medjliss, which professes to hold moderate views, and a reconstruction of the Cabinet became inevitable.

The death of the Regent at the end of September complicated the issue, as, according to the constitution, the Premier's appointment must receive the sanction of the head of the State. The only alternative remaining was that Mustaufi-ul-Mamalek should himself choose new Ministers, and continue to hold the premiership.

Sardar Assad, who seems to take a very prominent part in political affairs, said to a member of my staff that the experiment of employing young Nationalists as Cabinet Ministers having failed, they would have to revert to the employment of the experienced governing classes, whose prestige, at any rate, would enable them to keep the country in order. Negotiations with this object were, however, protracted, as the change was not to be a sweeping one, as Ain-ed-Dowleh and Farman Farma were asked to join the Cabinet, in which Hussein Kuli Khan and Assadullah Mirza were to retain their respective portfolios. Farman Farma, in particular, was very averse to this, as he is not on good terms with the Foreign Minister, their views being in great opposition, especially as regards the manner of dealing with the Kashgai chief. But Farman Farma having for years unsuccessfully tried to obtain the Ministry of War, found the bait too tempting, and waived his objections.

The Cabinet as reconstructed therefore contains elements vastly opposed to each other, and in fact actively antagonistic. The Premier, Ain-ed-Dowleh, and Farman Farma, may be bracketed together as members of the aristocracy, and as such may be called Moderates, while Hussein Kuli Khan, Sani-ed-Dowleh, and Assadullah Mirza, are in an opposite camp labelled "Extreme Nationalist." The new Minister of Justice, Mohtashem-es-Sultaneh, is a former member of the Foreign Office, who has been for several years at Urmi, first as Persian commissioner for the Turco-Persian frontier and later as governor, and whose political views are for the present unknown.

Sani-ed-Dowleh's appointment as Finance Minister does not promise well on

account of his notoriously visionary and unpractical views, and Ain-ed-Dowleh's choice as the new Minister of the Interior is pretty sure to lead to friction with the Extremist party in the Cabinet and in the Medjliss, which looks upon him as a Royalist of an uncompromising type.

It will be remembered that the Prince was in command of Mohammad Ali's troops which besieged Tabreez during 1908.

On the whole the new Cabinet, composed as it is of conflicting elements and persons who with difficulty see eye to eye, especially at the present critical juncture, face to face with rebellion all over the country, bad relations with Russia, and difficulties of all kinds, is unlikely to prove fitted to deal satisfactorily with the situation, and a further rearrangement will no doubt not be long delayed.

I have, &c.

G. BARCLAY

[42255]

No. 344.

Sir G. Barclay to Sir Edward Grey.—(Received November 21.)

(No. 198.)

Sir,

Tehran, October 31, 1910.

I UNDERSTAND that Mr. Moore has telegraphed to the "Times" that the Persian Government officially deny having opened negotiations for a loan with the Imperial Bank of Persia. Whether this telegram is published by the "Times" or not, I think it may be useful that I should briefly record what I know of these negotiations, for it is evident from letters which I have received from Mr. Moore, and of which I enclose copies, that Mr. Moore will, if the "Times" suppresses his telegram, take some other means of ventilating his indignation at the notices which have recently appeared in the British press about the negotiations in question.

It was on the 19th October that the manager of the bank was told by Vekil-ul-Roya that the Persian Government would prefer to deal with the Imperial Bank rather than with Seligman. Mr. Wood immediately informed his head office in London of this, and on the following day received a reply to the effect that he was to assure the Persian Government that the bank could issue the loan on as favourable terms as anyone. The telegram added that it was all-important in the interests of the Imperial Bank of Persia to prevent the business going into other hands.

Mr. Wood conveyed the first part of this message to Vekil-ul-Roya, who at once asked him to telegraph to London requesting his bank to arrange for the issue of a loan of 1,200,000l. at 5 per cent. interest at 85 or better, secured on the southern customs, and redeemable in from thirty-seven to forty years. The Vekil-ul-Roya stated that the commission which had charge of matters concerning loans and concessions unanimously approved Vekil-ul-Roya's action of the previous day. On the 25th instant Mr. Wood received a telegram from London showing that Seligman did not consider the loan withdrawn from their hands, and instructing him to request Persian Government to notify Mr. Moore immediately that the matter was in the hands of the bank. Mr. Wood, on receipt of this telegram, wrote to the Minister of Finance the letter of which I enclose a copy. Later in the day Vekil-ul-Roya visited the bank and asked for written assurances as to the interest, &c., of the loan. These Mr. Wood gave—1,200,000l. at 5 per cent. at 85 or better.

The Minister of Finance has sent no reply to the letter addressed to him, though Mr. Wood has repeatedly pressed him and Vekil-ul-Roya for a written answer.

On the 27th October Mr. Wood was invited by telephone to attend at the Foreign Office to meet the Minister of Finance. I enclose Mr. Wood's account of what took place at this meeting. It will be noticed that though Hussein Kuli Khan and the Minister of Finance denounced Vekil-ul-Roya, they admitted that the Government approved of his action in approaching the bank with a view to obtaining a quotation, and, moreover, both Ministers requested Mr. Wood to quote a price, which Mr. Wood at once did, confirming it in writing the next morning the 28th October (copy enclosed herewith, Enclosure 3), sending a copy of his letter to the Minister for Foreign Affairs. This copy was delivered to Hussein Kuli Khan by Vekil-ul-Roya, who returned to the bank, and stated that Hussein Kuli Khan had authorised him to ask the manager to telegraph to the bank asking for a firm offer.

Mr. Wood agreed to do so provided that an application to that effect was made to him in writing by Government. This, so far, Mr. Wood has been unable to obtain.

On the 29th October Vekil-ul-Roya visited the bank to arrange for an overdraft

for the Minister of Finance, this Mr. Wood refused in view of the manner in which the Minister of Finance had discredited him at the meeting above mentioned. This appears to have disconcerted the Government, for, according to Vekil-ul-Roya at a meeting of the Cabinet held to discuss the rival loan proposals, there was a good deal of recrimination in regard to the discrediting of Vekil-ul-Roya, and, according to an account of what passed at the meeting given to the bank manager by Sani-ed-Dowleh, who was present with certain other non-Cabinet members and who has since himself been appointed Minister of Finance, a majority declared itself in favour of dealing with the bank in preference to Seligman.

Since Mr. Moore heard through a notice which appeared in the "Times" of, I think, the 24th October, that the Imperial Bank of Persia was in negotiation with the Persian Government for a loan, he has repeatedly denied to me that anything like negotiations in the proper sense of the word had been opened with the bank. His accounts of proceedings at the meeting at the Foreign Office on the 27th October (Enclosures 4 and 5), and of the meeting of the Cabinet on the 29th October have differed from the accounts given me by Mr. Wood, and it is impossible for me, without mixing myself up in this matter more than would be desirable (Enclosure 6), to find out exactly where the truth lies, but I should state that the only words which have passed between any member of this legation and any of the Persian Ministers on the subject of the rival loan proposals show clearly that there is not that general abhorrence of dealing with the bank which might be inferred from Mr. Moore's letters to me. I refer to the language of the late Minister of Finance to Mr. Churchill on the evening of the 26th October, the day before the meeting at the Foreign Office, at which Vekil-ul-Roya was repudiated by both the Minister for Foreign Affairs and the Minister for Finance. In the course of conversation the Minister of Finance told Mr. Churchill that though the Persian Government had made no proposals to the bank, they were determined to deal with the highest bidder, and expressed a preference for the bank. In any case it seems pretty certain that Sani-ed-Dowleh, the new Minister of Finance, is in favour of dealing with the bank, but it is to be feared that the influence of the Minister of Foreign Affairs will continue to be exerted on the other side.

I have, &c.

G. BARCLAY.

P.S. November 4.—I open this despatch to annex two further enclosures, Nos. 9 and 10, two letters from and to Mr. Moore respectively, dated this day. My communication to Hussein Kuli Khan, to which allusion is made in these letters, is the one reported in the fourth paragraph of my despatch No. 203.

G. B.

Enclosure 1 in No. 344.

Imperial Bank of Persia to Persian Minister of Finance.

Your Excellency,

Tehran, October 25, 1910.

WITH reference to the loan of 1,200,000*l.* secured by the customs of the south at 5 per cent. interest and 85 or better, which, in accordance with your instructions, we asked our London office to arrange and issue on behalf of the Persian Government, we have to-day received a wire from our London office informing us that on receipt of these instructions they commenced negotiations immediately, and are now surprised to learn that Messrs. Seligman Brothers have still got similar instructions in hand, and that it is necessary that the agent of Messrs. Seligman Brothers should at once be informed that the loan is now being arranged through the bank, and that they are no longer authorised to proceed in the matter, as competition is hampering negotiations. Our London office also wire that we may repeat to your Excellency the assurance that the Government's interests are safe in our hands, and they will obtain the best possible terms from us.

We shall be glad to hear from your Excellency that the necessary steps have been taken to enable the bank to carry out the business.

We have, &c.

A. O. WOOD.

Enclosure 2 in No. 344.

Imperial Bank of Persia to Persian Minister of Finance.

Your Excellency,

Tehran, October 28, 1910.

REFERRING to our conversation of last evening when you asked me to make a quotation for a loan of 1,200,000*l.* at 5 per cent. secured on the southern customs, I now have the honour to repeat what I said then, viz., that the bank is prepared to do this business at 85 or better. But in order that negotiations may proceed in London, it is absolutely necessary that Messrs. Seligman Brothers should at once be informed that the matter is in the hands of the Imperial Bank of Persia.

I take this opportunity of again assuring your Excellency that the interests of the Imperial Government are quite as safe in the hands of the State Bank, who is able to do this business on better terms than anyone else.

I have, &c.

A. O. WOOD.

Enclosure 3 in No. 344.

Mr. Moore to Sir G. Barclay.

Dear Sir George,

Tehran, October 28, 1910.

THE Foreign and Finance Ministers yesterday evening in my presence informed Mr. Wood and Mr. Brown that the Government had given them no instructions as to a loan, and absolutely disclaimed Vekil-ul-Roya, who was also present. The latter insisted that all he had done was to ask the bank to quote a price better than Seligman's. Ministers informed the bank's representative that the bank must never on any occasion attempt to commit the Government on the strength of anything said by Vekil-ul-Roya. They added that they stood by their invitation to Seligman, and were issuing through their legation in London a contradiction of the statement that they were negotiating the loan with the bank.

Had the London statement proved true, and the Persian Government acted in bad faith with Seligman Brothers, I should immediately have left Tehran, and the Government's action would have prevented the bank or anyone else from floating a Persian loan.

The bank has now—and has had since the 10th October—the most definite intimation from the Persian Government that Seligman Brothers hold a proper official authorisation to negotiate the bank debt. In these circumstances, if any further reports of the same character are circulated in London, it will be clear that the object of their authors, whoever they may be, is, not to secure an independent flotation, but to prevent any, by ruining Persian credit on the market, and closing the Stock Exchange to it.

I have also the most positive assurance that the supposed negotiations with the bank never in any shape or form came before the Cabinet.

Yours sincerely,

W. A. MOORE.

Enclosure 4 in No. 344.

Mr. Moore to Sir G. Barclay.

Dear Sir George,

Tehran, October 30, 1910.

MY telegram states that the Foreign Office have notified Seligman that it cannot support any proposal in its negotiations, or prejudice its interests. Owing to the attitude of the Foreign Office, Seligman cannot proceed farther, and say that they are writing the Foreign Office accordingly; adding that they act thus though the basis was practically agreed with the Persians, and they must therefore throw the full responsibility on the Foreign Office.

It is quite clear, therefore, that, whatever the Persian Government may say in the way of contradiction, Seligman will not resume until the Foreign Office requests it. The negotiations are, therefore, wrecked, as no respectable firm could proceed in the face of the Foreign Office attitude.

Wood will doubtless confirm the fact that the Vekil-ul-Roya emphatically states that he asked the bank *re* terms of his own accord—solely because Seligman delayed

[1761]

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a final answer to the invitation. This delay in turn was due to the delay of the Foreign Office in defining its attitude. The whole responsibility therefore lies with Downing Street.

Subject to the Foreign Office, Seligmans' terms are absolutely fixed. They offer a loan of 1,250,000*l.* at 5 per cent. with $\frac{3}{4}$ per cent. sinking fund. (The bank's existing arrangement is 7 per cent. with a sinking fund of nearly 4 per cent.). The minimum issue price is to be 87 $\frac{1}{2}$, of which 85 is to go to the Persian Government and 2 $\frac{1}{2}$ represents Seligman's issue charge. The loan will be issued at the best price the market will bear, and as much as 90 is possible. Everything over 87 $\frac{1}{2}$ will go to the Persian Government, Seligmans' 2 $\frac{1}{2}$ being fixed. The Government is to pay the flotation expenses as to the nature and maximum amount of which Seligmans offer absolute guarantees.

It seems to me intolerable that the Foreign Office should wreck these negotiations by alleging fictitious negotiations with the bank. And have they any knowledge that the bank can offer such terms? I desire that Persia should get the best terms possible, and if the Foreign Office will recognise the only official negotiations which exist, and restore Seligmans' relations with the Persian Government, it is open to the bank to underquote Seligmans', and the Persian Government can then quite honourably terminate its negotiations with Seligmans' on the ground that the price—to the acceptance of which they are certainly not yet definitely committed—is unsuitable in the matter of honourable competition. I have no fear of the bank, unless it is prepared to break itself. Its flotation expenses would necessarily be far heavier than Seligmans', as it has no knowledge of the operation and no facilities for doing it economically. From the conversation of Wood and Brown on Thursday night, it was quite apparent the bank was at sea on questions of underwriters, stamps, and brokers.

I was informed yesterday, however, that the Persian Government does not trust the bank, as it is alleged that, by the terms of its concession, it bound itself to lend the first 200,000*l.*—presumably part of the very consolidated debt now in question—at 8 per cent., but that by an arrangement with Naus it succeeded in evading the responsibility and lent the money at 12 per cent. It is therefore quite possible that even a better offer might be rejected.

I do not wish to imply that the bank may not have a good answer to this charge. But I think, if you refer it to Mr. Wood, he will confirm the statement that it has been brought.

Yours sincerely,
W. A. MOORE.

Enclosure 5 in No. 344.

Sir G. Barclay to Mr. Moore.

Dear Moore,

Tehran, October 31, 1910.

I HAVE received your letter of yesterday. There are things in it to which, of course, I take exception, notably the charge which you bring against the Foreign Office of alleging fictitious negotiations with the bank, but I do not propose to engage in a controversy which would serve no useful purpose, and for which I have not the time.

As you are aware, I have not done or said anything to the Persian Government tending to the breakdown of your negotiations.

Yours sincerely,
G. BARCLAY.

Enclosure 6 in No. 344.

Mr. Moore to Sir G. Barclay.

Dear Sir George,

Tehran, October 31, 1910.

MANY thanks. I entirely agree as to your complete neutrality towards the Persians. You have told me that you prefer the bank—of which I, of course, can make no complaint—but you have done nothing with regard to the Persian Government which could cause a breakdown. On the personal question, I should like to make it as clear as possible that I am very grateful to you for your conduct of the whole affair, more especially as I believe that privately you object to Seligmans floating a loan on

the customs. I greatly regret to have had to give you so much trouble, and to see an unfortunate prospect of giving a great deal more.

But I wish it to be clearly understood that I do definitely bring a charge of bad faith against the Foreign Office. Thursday night's interview with the heads of the bank and Vekil-ul-Roya was absolutely conclusive on the subject of the bank's supposed negotiations. The following day the Foreign Minister returned a letter sent by the bank.* Nevertheless, the Foreign Office has forced Seligmans to withdraw in favour of the bank. The whole facts will be put before Parliament the moment it meets. Taken in conjunction with Mr. Marling's exposition of British policy, which I minuted at the time and sent the minutes to Mr. Marling himself and to the Foreign Office, the latest developments make me realise that Mr. Marling knew what he was talking about.

I need hardly say that I do not for a moment believe that the Foreign Office will be any more successful in persuading the Persian Government to deal with the bank than they were in persuading it to deal with themselves and Russia.

Yours sincerely,
W. A. MOORE.

Enclosure 7 in No. 344.

Mr. Moore to Sir G. Barclay.

Dear Sir George,

Tehran, October 31, 1910.

THERE are some further facts to which I desire to call the attention of His Majesty's Government.

You are aware that for the most of this summer Vekil-ul-Roya was suspended from the Financial Commission. One of the charges brought against him was that he had not secured the best terms from the bank in the consolidation, and had not made the best of the Persian Government's case. To clear himself he was at great pains to produce evidence that he had got the very best terms the bank could possibly give, and the bank also took pains to explain what great concessions it had made, and that it could do no more.

Vekil-ul-Roya now first suggested the bank could do something better, and the bank immediately agrees.

The scheme has been worked out by Seligmans at the request of the Persian Government. At the last moment the Foreign Office propose to prevent Seligman from carrying out their own scheme, and to hand it over to the bank, although the Persian Government have not asked the bank.

I refrain from epithets!

Yours sincerely,
W. A. MOORE.

Enclosure 8 in No. 344.

Mr. Moore to Sir G. Barclay.

Dear Sir George,

Tehran, November 4, 1910.

ON the 10th October the Persian Government gave the bank notice of its negotiations with Seligmans, and asked it to facilitate the conversion.

On the 1st November the bank replied to the Persian Government that it did not desire to co-operate, but would like to make the conversion itself, and was "confident" it could offer better terms than Messrs. Seligman!

This letter is an admission that the previous story of negotiations was false.

In spite of this, and of the fact that on the 27th October the Foreign and Finance Ministers requested the bank manager to contradict the story, the stale lie, with circumstantial false trimmings, reappeared in the "Press News" of the 2nd November, from London the 1st November.

I understand also that the British Government has deprecated to the Persian Government any contradiction of this series of falsehoods.

Yours sincerely,
W. A. MOORE.

* Wood never got this.—G. B.

Enclosure 9 in No. 344.

Sir G. Barclay to Mr. Moore.

Dear Moore,

Tehran, November 4, 1910.

REFERRING to the last paragraph of your letter of to-day, I ought to point out to you that the British Government did not take the step you state.

In my private capacity, and making it quite clear that it was in my private capacity only that I was speaking, I told Hussein Kuli Khan on Wednesday last that I thought it would be unwise to publish any *démenti* which would tend to delay matters.

Hussein Kuli Khan had already by the time I spoke received from the Minister of Finance Seligmans' telegram reporting their withdrawal from the negotiations.

Yours sincerely,

G. BARCLAY.

[42256]

No. 345.

Sir G. Barclay to Sir Edward Grey.—(Received November 21.)

(No. 199.)

Sir,

Tehran, November 2, 1910.

THE Italian chargé d'affaires called on me last evening, and in the course of conversation I asked him if the Persian Government had approached him with regard to the engagement of Italian officers for the gendarmerie, which, as I reported in my telegram No. 362 of the 13th September, had been decided upon by the Medjliss.

M. Montagna replied that the Minister for Foreign Affairs had twice spoken to him on the subject. On the first occasion (22nd September) he had sounded him quite informally, and M. Montagna had endeavoured by his reply to prevent a more formal application. On the 29th September Hussein Kuli Khan had approached him more formally, and on this occasion M. Montagna had made it quite clear that it would be useless to approach the Italian Government with a view to the loan of these officers. Hussein Kuli Khan had then sounded him as to whether there would be any objection on the part of the Italian Government to the engagement of Italian officers independently of their Government. This was a point on which M. Montagna was without instructions, but he had taken upon himself to declare that this course would be unwelcome to his Government, and he received the entire approval of his Government for his attitude.

I ought to mention that, on the second occasion on which Hussein Kuli Khan approached M. Montagna on this matter, he stated that the Russian Minister and I had given him to understand that we should raise no objection to the appointment of Italians, and I must add that Hussein Kuli Khan had warrant for this impression.

Immediately before his Excellency's interview with M. Montagna, my Russian colleague and I had visited Hussein Kuli Khan to inform him that the two Powers had no objection to the engagement of American financial advisers, but that, if the Persian Government persisted further in disregarding our friendly advice to seek foreign assistants from the minor Powers, our Governments would insist on the engagement of some of their own subjects.

Hussein Kuli Khan asked whether this applied to the engagement of Italian officers for the gendarmerie and of a French assistant for the Ministry of Justice, which had already been decided upon by the Medjliss. Knowing that there was no danger of the two Governments concerned consenting to the proposed appointments, and realising that it would be very difficult for Hussein Kuli Khan to obtain the revocation of a decision of the Medjliss, we replied to his Excellency that our warning only applied to decisions taken after that warning had been given.

I have, &c.

G. BARCLAY.

[42258]

No. 346.

Sir G. Barclay to Sir Edward Grey.—(Received November 21.)

(No. 201.)

Sir,

Tehran, November 2, 1910.

I HAVE the honour to forward copy of the communication referred to in the final paragraph of my telegram No. 444 of the 1st instant.

To explain the genesis of this document, I should mention that some three weeks ago my Russian colleague told the Minister for Foreign Affairs that if he could hold out to him reasonable hope that he could bring the Medjliss to agree to the extension of the Karajadagh copper-mining concession and the recognition of the Russian Road Company's right to import automobiles free of duty to run on the Julfa-Kazvin road, he in his turn would endeavour to induce the Russian Government so far to abate their conditions for the withdrawal of the Kazvin force as not to insist for the present on the free entry of motor-cars for the Enzeli-Tehran road.

It appears that in the formula he used for his requirements in regard to the Julfa-Kazvin road M. Poklewski used the expression "*status quo*," and when I saw Hussein Kuli Khan immediately after M. Poklewski's interview, he showed me in conversation that he interpreted the *status quo* as strictly limiting the number of motor-cars to that of those now running between Julfa and Tabreez, and confining their scope to the stretch of road in question. I knew that M. Poklewski had meant to insist on the right to import such number of cars as was required for the whole road, and when I next saw M. Poklewski I told him that Hussein Kuli Khan had been under a misapprehension as to his meaning. Later M. Poklewski explained his meaning to Hussein Kuli Khan in such manner as can have left the latter under no misapprehension.

Last Sunday M. Poklewski, who is still at Zerguendeh, knowing I was to visit him in the afternoon, asked me to find out and bring him word whether Hussein Kuli Khan had been able to make any progress in steps which he had promised to take with a view to being able to give M. Poklewski the assurance he desired. I sent Abbas Kuli Khan to make enquiries of the Minister for Foreign Affairs, and his Excellency sent me a most unsatisfactory reply, to the effect that before the Persian Government could show marks of goodwill to Russia, it was for the latter to show her goodwill by withdrawing her troops. This message I delivered to M. Poklewski, but two days later the Minister for Foreign Affairs requested me to visit him, and handed me the document I enclose, which I gave to M. Poklewski when I next saw him.

You will observe that it records a decision of the Persian Cabinet to agree, subject to the assent of the Medjliss, to the maintenance of the *status quo* in a strictly limited sense as regards the running of motor-cars on the Julfa-Tabreez road, provided that this consent shall be followed by the immediate withdrawal of all the Russian troops from every point in Persia. The extension for three years of the Karajadagh copper mining concession is to follow the withdrawal of the troops.

When Hussein Kuli Khan handed me this document, I pointed out to him that it could not be expected to satisfy M. Poklewski, and the latter has since informed Hussein Kuli Khan that he declines to submit it to his Government.

I have, &c.

G. BARCLAY.

Enclosure in No. 346.

*Translation of Decision of Cabinet Council held on the 19th Chavval, 1328
(October 23, 1910).*

THE Ministers in Council assembled hereby decide that, in the event of the Russian Government proposing to the Persian Government that the latter should agree to the maintenance of the *status quo* in the question of motor-cars, i.e., the sanction by the Persian Government to run the few motor-cars which the Russians have up to this date imported, and are running between Julfa and Tabreez, the Cabinet would accept the Russian Government's proposal, subject to the approval of the Medjliss, on the following conditions:—

1. Immediately after the Persian Government accepting the request of the Russian Government, the latter will withdraw all its detachments of troops from every point in Persia.

[1761]

2. The running of motor-cars, which is exclusively confined to the road between Julfa and Tabreez, will not be in the nature of a monopoly in favour of Russians, and whenever Persian subjects may desire they will have the right to run motor-cars on the same road.

3. Persian subjects will have the right of transit through Russia for the same number of motor-cars as is being run by the Russians, and also the right of running the same.

4. The tariff regulating the service of motor-cars will be drawn up in accord with the Persian Government, and the Russians will not have the right to alter it without the sanction of the Persian Government.

5. After all the detachments of Russian troops have completely evacuated every point in Persia, in such a manner as not to return under any plea whatsoever, the Persian Government will grant an extension of three years to the period of the concession for the exploration of the Karajadagh mines, the three years beginning to run from the day that the present decision of the Cabinet is accepted by the Russian Government.

MUSTAUFU-UL-MAMALEK.
HUSSEIN KULI KHAN.
KAVAM-ES-SALTANEH.
DABIR-UL-MULK.
ASSADOLLAH MIRZA.

Tehran, Council of Ministers,
19th Chavval, 1328.

[42259]

No. 347.

Sir G. Barclay to Sir Edward Grey.—(Received November 21.)

(No. 202.)

Sir,

Tehran, November 2, 1910.

I HAVE the honour to transmit the monthly summary, which, I regret to have to point out, presents an even darker picture of chaos than that enclosed in my despatch No. 186.

In the south the new developments calling for mention are the riots in Shiraz, the threatened attack on Lingah, necessitating the landing of 160 British bluejackets and four guns, the disorders in the neighbourhood of Bunder Abbas, and the threatened advance of Baluchis on the district of Narmashir. The state of the post road between Bushire and Shiraz is worse than ever, and both this road and that between Shiraz and Ispahan remains impassable for caravans. Even the Bakhtiari road from Ahwaz to Ispahan, which had hitherto been safe, has been the scene of several robberies, in which Bakhtiaris as well as Kuhgeluis are reported to have been the culprits.

In the north the most tangible of the disturbing features has been the fighting at Kashan. This is, however, now happily terminated with the flight of Naib Hussein. As regards the other seats of disorder, in Karachidagh Rahim Khan is said to have been defeated, but the Shahsevan district, my Russian colleague tells me, is beyond the Government's control, and M. Poklewski informs me that the same may be said of Mazanderan, where Amir Mukarrem with Rashid-es-Sultan is reported to have turned the tables on the Government troops.

In Tehran the matters specially calling for mention are the loan negotiations, the presentation of our note on the 14th October regarding the southern trade routes, and the recent changes in the Cabinet. I have already forwarded by post a copy of my note of the 14th October, and the other two matters are dealt with in separate despatches.

I have, &c.

G. BARCLAY.

Enclosure in No. 347.

Summary of Events in Persia for October 1910.

Tehran.

A NOTE was addressed on the 14th October to the Persian Government respecting the disorders on the southern roads, and the Persian Government's reply was received on the 22nd.

2. The Cabinet was reconstructed on the 30th October, and is now composed as follows:—

Premier	Mustaufi-ul-Mamalek (unchanged).
Minister of the Interior	Prince Ain-ed-Dowleh.
Minister of War	Prince Farman Farma.
Minister of Finance	Sani-ed-Dowleh.
Minister of Justice	Mohitashem-es-Sultaneh.
Minister of Foreign Affairs	Hussein Kuli Khan (unchanged).
Minister of Posts and Telegraphs	Assadullah Mirza (unchanged).
Minister of Education	Vacant.

3. The question of employing foreign officials in the Government departments has from time to time been discussed in the Assembly, but so far no definite result has been arrived at.

4. Dr. Lindley has left Tehran, his contract not having been renewed.

5. The Foreign Affairs Committee of the Medjliss was re-elected the 13th October as follows:—

Mushir-ed-Dowleh, Motamin-ul-Mulk, Sani-ed-Dowleh, Musteshar-ed-Dowleh, Mamtaz-ed-Dowleh, Moaziz-ul-Mulk.

6. The contracts of a number of the Belgian Customs officials having expired, the Minister of Finance recommend their renewal. The matter was placed before a committee of the Medjliss, and eventually approved by the House on the 22nd October.

G. P. CHURCHILL.

Resht.

Mr. Rabino, who had been delayed two days by quarantine and bad weather, returned from leave on the 13th October. Quarantine against cholera at the Caspian ports, and at Rudbar, on the Tehran road, was withdrawn on the 12th October; but owing to three deaths from cholera at Resht on the 13th and 14th it was re-established at Rudbar a few days later. At Enzeli and Kazian there were two deaths between the 10th and 15th October.

Asterabad.

It is reported that the ex-Shah is intriguing with some of the Turkoman tribes. Some merchants from Gumish Tepeh are said to have visited him at Odessa, and he has sent a watch to a Turkoman chief named Shukh.

Tabreez.

On the 24th October His Majesty's vice-consul reported that Rahim Khan's son, with 1,500 men, was creating serious disturbances in Karajadagh, and had attacked the Government forces near Ahar. A later report stated that he had been defeated. Some excitement had been caused owing to the rumour that His Majesty's Government had sent an ultimatum to Persia concerning the situation in the South. On the 25th October Mr. Stevens reported that he heard from a trustworthy source that 8,000 Russian troops had arrived at Julfa and were to come to Tabreez. Next day he telegraphed that this statement was confirmed by the director of customs. M. Poklewski, however, denies the truth of this statement.

Meshed.

The situation remains unchanged. The chief of police was dismissed on the 1st October, and left on the 3rd for Tehran. The Tabbas and Turbat districts are reported to be in a disturbed condition, owing to bands of robbers. Zahir-es-Sultan is officiating as Governor-General. Cholera has broken out in Meshed; in the week ending the 12th October thirty cases and ten deaths were reported. Prince Dabija is going to Russia on six months' leave, and expects to return to Meshed.

Seistan.

1. The state of the roads was, in the middle of September, still unsatisfactory.
2. During August 3,094 cases were treated and 50 operations performed in the consulate hospital.

Ispahan.

Sardar-i-Ashjaa, Bakhtiari, was on the 10th October succeeded in the post of Governor-General by Motamid-i-Khakan. The new Governor-General appears anxious to cultivate friendly relations with His Majesty's consul-general. Agha Norulla has left Ispahan for Kerbelah. Some show was made of a desire to persuade him to return, several leading men going out to bring him back, but in general his departure seems to have given satisfaction. The Kermanshah and Yezd roads have remained safe. The Shiraz road to Abadeh has been practically closing owing to bands of marauders, who are said to be waiting for a European to exact vengeance for the men killed by Mr. Bill's escort. The Tehran road has been considerably disturbed, posts being robbed and delayed. The robberies are variously attributed to Naib Hussein's followers and to Bakhtiaris. Several Europeans have been detained at Ispahan owing to the state of this road, but two English travellers from Tehran have reached Ispahan safely. The Ahwaz road was until the 26th October quite safe, but since that date two large robberies have been reported. The Ispahan postal authorities have, owing to the Shiraz road remaining closed, arranged with Messrs. Lynch for mails to be carried by the Ahwaz road to Nasiri. The service is to be weekly, and mails are to reach Nasiri from Ispahan in twelve to fourteen days. Early in October most of the leading Bakhtiari chiefs assembled at Ispahan, bringing with them in all some 1,000 horsemen. A general reconciliation was arranged, and it was decided that they should all go to Tehran. This they now intend to do when they have dealt with Naib Hussein at Kashan.

Kashan.

Early in October Naib Hussein and Intizam-ul-Mulk were at Ardistan with their followers. They made several offers of surrender to the central Government on certain conditions, but the Government demanded their unconditional surrender. They then marched on Kashan, where they arrived on the 7th October, and were welcomed by the townspeople, though numbers of the latter fled to Kum on hearing of Naib Hussein's return. Naib Hussein posted up notices in Kashan that he would hurt no one, and no one need be afraid of him. On the 9th a force of Bakhtiaris under Amir-i-Mufakham and Sardar-i-Zafer left Ispahan for Kashan, and was followed next day by other chiefs and their followers. On the 11th the people of Kashan telegraphed to Tehran asking for the release of Naib Hussein's son, and Naib Hussein announced that, failing a satisfactory reply to this request, he would be compelled to take drastic measures. He fortified several buildings and the town gates, and was reported to have with him 1,200 well-armed men, mostly horsemen. The buildings fortified included the building used jointly by the Indo-European Telegraph Department and the Persian Telegraph Administration as their office. On the 12th 180 loads of goods for European firms at Tehran reached Kashan, and were looted by Naib Hussein's men as soon as it was known that they were intended for Europeans. Some Bakhtiaris arrived on the 13th, and fighting began the same day. Firing continued during the night, and the Bakhtiaris made two attempts to rush the position, but were repulsed, four being killed. On the 14th Amir-i-Mufakham and 500 Bakhtiaris arrived, and during the night the Pusht-i-Meshed quarter of the town was captured from Naib Hussein's men. The latter attempted to recapture it, but were defeated. The Bakhtiaris were said to have had from ten to twenty men killed, including several of the younger chiefs, and an urgent message for medical assistance was sent to Tehran via Kum. Amir-i-Mufakham was reported to be unwilling to bombard the town and cause loss of life to women and children. He was in favour of pardoning Naib Hussein and giving him a public post in Kashan. He was directed by the central Government to inflict the least possible punishment on the Kashanis, and to direct all fire on Naib Hussein and his men. Some Bakhtiaris stole the post horses from some stages on the Ispahan road, but these were subsequently returned. On the 23rd Naib Hussein's son sent the telegraph signaller a message at Kashan to the effect that before escaping from Kashan he would destroy the telegraph office and as much of the line as he could in order to attract the attention of His Majesty's Legation. A strong message was sent to him from His Majesty's Minister advising him to refrain from any such action. On the 26th the Bakhtiaris made two attempts to rush the enemy's position, but were repulsed. Saham-es-Sultaneh and the Russian agent hoisted Russian flags over their houses. This is the first mention from Kashan of the existence of a Russian agent. The Bakhtiari chiefs at Kashan once more requested permission from Tehran to bombard the town. The number of Naib Hussein's men was now said to be 2,500.

Reinforcements with artillery were sent to the Bakhtiaris from Ispahan and Tehran, and on the 30th October the bombardment of the town was begun. At 3 A.M. on the 31st Naib Hussein, with a force of, it is stated, 300 men, made his escape from Kashan. A force of Bakhtiaris is said to have gone in pursuit of him. The town has been occupied by Bakhtiaris.

Sultanabad.

Writing on the 15th October His Majesty's vice-consul reported that Muntassir-ed-Dowleh, lately Governor of Burujird, who appears to have fled from his post, arrived at Sultanabad on the 9th, and left again on the 14th for Kum, travelling as secretly as possible. The Lurs were once more engaged in plundering villages in the Saraband district, and the roads were unsafe. The post from Kermanshah was plundered by Lurs near Kum on the 15th October.

Yezd.

1. M. Bogoiavlensky, Russian consul-general at Ispahan, paid a visit of four days to Yezd at the end of September. The day before he left he hoisted the Russian flag over the house of Haji Seyyid Mehdi, Shirazi, who is Russian agent at Yezd. The flag, not having been flown before, evoked considerable comment of an unfriendly nature, most people seeing in it a foreshadowing of coming events. The Russian agent later informed Mr. Blackman that the consul-general spoke of sending a Russian to look after Russian interests at Yezd. The are at present two Russian subjects at Yezd. Owing, however, to the adverse conditions prevailing on the southern roads, Russian trade via Kazvin has received a considerable impetus. A prominent Yezdi informed Mr. Blackman that M. Bogoiavlensky hinted to him that the Russian representative would be glad to afford protection to Persians who suffered injustice at the hands of local officials.

2. The governor continues a campaign of extortion, and has put a stop to the work of the administration by his treatment of the heads of the various departments. The Chief Justice closed his court, and took refuge in the British telegraph office, but was persuaded to leave it. The chief of police was publicly abused by the governor. The people telegraphed twice to Tehran complaining of the governor, but as they got no satisfaction, on the 13th and 14th October demonstrations were made protesting against local taxation. The doors of the local assembly were burnt down, the chief of police was fired at and fled, and the bazaars were closed. While Yezd-Nain and Yezd-Meshed roads are reported safe, the Shiraz and Kerman roads are closed. On the Kerman road several small parties of robbers render the road unsafe, while the postal service to Kerman is entirely disorganised owing to the disappearance of post horses from several stations. The post is conveyed on donkeys. The Bakhtiari horsemen returning from Kerman are reported to have done a great deal of plundering on the way. Trade is practically at a standstill, and prices have risen considerably at Yezd. There have been several instances of individuals seeking refuge from the tyranny of local officials in the British telegraph offices at and near Yezd. The refugees were informed that His Majesty's Government could not interfere in the internal affairs of Persia.

Kermanshah.

1. Cholera broke out in the town early in October and has continued to spread both in the town and in the district. The governor and other leading officials, the troops, and about four-fifths of the inhabitants have deserted the town. Business was on the 16th October at a standstill and a state of panic prevailed. The only troops left in the town were thirty Persian Cossacks, forming the governor's escort. Reliable statistics of cases of cholera are not available.

2. On the 8th October news was received at Tehran from Bagdad that a Turkish cavalry guard for the Turkish consulate at Kermanshah was on the point of starting. Hitherto the Turks have had no embassy or consular guards of Turkish troops in Persia. In Kermanshah and the frontier districts the Turkish authorities appear at present to be making every effort to win Persian sympathies. Constant reports are received of the generous treatment of pilgrims in Turkish territory and of certain relaxations in their favour of the quarantine regulations. The Turkish consul at Kermanshah has declined to press for satisfaction for the recent murder of a Turkish camel driver, and has informed the local authorities that he considers that the Persian Government has no responsibility in cases where caravans encamp outside the town. It

has, nevertheless, always been recognised at Kermanshah that camel caravans remain beyond the walls at night. His Majesty's acting consul thinks that this attitude of the Turkish consul cannot but react unfavourably on the local authorities with regard to the claims of other consuls.

3. On the 20th October fighting was reported to have occurred between Sinjahi and Kalhur tribesmen near Kasr-i-Shirin. Habibullah Khan, son of a former Sinjahi chief, having obtained troops from Daoud Khan, attacked Samsam-ul-Mamalek, but was repulsed with considerable loss. He then retired to obtain more troops. Meanwhile the Governor of Karend has been instructed by the Governor of Kermanshah to support Samsam-ul-Mamalek.

Kerman.

1. The local situation has remained unchanged.
2. On the 21st October a force of Baluchis under Jehind and Mohammed Reza Khan, was reported to be moving on Fahreh with the intention of raiding Narmashir. On the 26th this force, which was said to number 1,500 men, was reported to be within 20 miles of Fahreh, at which place 600 Government troops had been collected to oppose it. The Baluchis came to within 8 miles of Fahreh, but then turned off towards Bam, apparently being afraid to attack Narmashir.

Shiraz.

Fars is still without a Governor-General, but the deputy governor, Kawami-ul-Mulk, appears to have maintained order in Shiraz itself until the 30th October. On the 29th Soulet-ed-Dowleh arrived in the neighbourhood of Shiraz, and early on the 30th his two partisans, Nasir-ul-Mulk and Baha-es-Sultaneh, went out to see him. Immediately after their departure, a mob broke into the Government-house with the corpse of a Mohammedan girl whom they pretended Jews had murdered. The rioters completely sacked the courts of justice, destroying or carrying off everything, the archives included. They even threatened Kawami-ul-Mulk, who, however, drove them out. The rioters then attacked the Jewish quarters. Soldiers sent to defend the quarter joined the rioters in pillaging. Numbers of Kashgais then joined in and did more damage than all the others. The quarter was completely sacked; eleven Jews were killed and fifteen wounded, and every house was entirely stripped. The whole population of 5,000 Jews, rich and poor, are now absolutely destitute. Mr. Smart, who reported these facts, after a personal inspection of the Jewish quarters, has arranged a relief subscription with the local authorities. He reports that Soulet-ed-Dowleh undoubtedly instigated the riot, through Nasir-ul-Mulk and Baha-es-Sultaneh, in order to compel the central Government to give him full powers and turn out the Kawamis. The troops at Shiraz are, Mr. Smart adds, unpaid and disaffected. Including Persian Cossacks and Arabs, the Kawami has only 400 loyal troops. In Mr. Smart's opinion the situation would be improved if Soulet-ed-Dowleh were sternly admonished, Nasir-ul-Mulk expelled from Shiraz, and martial law proclaimed. Failing this, further disorders may be expected. The roads in Fars are all very unsafe, and traffic is almost entirely suspended. Much damage has been done to the telegraph line, especially in the neighbourhood of Dasht-i-Arjin and Kazerun. Men sent out to repair the line have been robbed and ill-treated. Between Ispahan and Shiraz, the countryside is overrun by Boir Ahmedis, Muhgeluis, and Lashanis, and many villages are reported to have suffered at their hands.

PERSIAN GULF.

Bushire.

1. Telegraphing on the 30th October, Colonel Cox reported that the Tangistanis were restless, and that Soulet-ed-Dowleh was endeavouring to induce some of their leaders to interfere on his behalf in the Bushire Government. Owing to the unsafe condition of the roads, the postal authorities were sending the mails for Tehran via Bagdad or Ahwaz.

2. The governor's attempt to take charge of the Tangistani port of Dilwar has proved abortive: the customs post there has been withdrawn, and imports into and exports from that port have been forbidden.

Bunder Abbas.

Early in October, some 500 robbers from Lar invaded the Bunder Abbas district and plundered caravans and villages right up to the town itself. The local authorities were unable to oppose them or to follow them up. The goods plundered included British goods to the value of 3,300*l*.

Lingah.

On the 22nd October His Majesty's vice-consul reported that a well-known marauder named Gholam Hussein Khan, of Warawi, near Bastak, was marching on Lingah with a large following, and asked for the presence of a war-ship. His Majesty's ship "Fox," with the senior naval officer, arrived off Lingah on the 24th. On the 25th His Majesty's Minister authorised the landing of sufficient force for the protection of foreign lives and property if an attack appeared eminent. At the same time the senior naval officer was instructed by Colonel Cox to send Gholam Hussein Khan a message warning him against coming to Lingah. On the 25th the marauders, 3,000 strong, were reported to be two days' march west of Jebel Turunjah. The force was that of a coalition of three chiefs, those of Galadar, Iskanu, and Warawi. On the 27th a Persian force sent out from Lingah to stop the marauders was reported to have been defeated, and 160 men with four guns were accordingly landed from His Majesty's ship "Fox." The senior naval officer was authorised to take the necessary measures to prevent the marauders entering the town. News having been received on the 29th October that the Chief of Mazkur had embarked 800 men at Shivuh to attack Lingah, His Majesty's ship "Odin" was sent to deal with him. His dhows looted Jaza and Nakhilu on the 29th, and on the 30th his men landed and joined the Warawi force in an attack of Murbakh. His Majesty's ship "Odin" found his three dhows off Jaza. On approach of a ship's boat the men on board fled to shore and opened fire on the "Odin." The dhows were found full of prisoners and loot from plundered villages. The dhows were destroyed as being employed in a pirate expedition. The prisoners and loot were sent back to the villages.

Ahwaz.

1. His Majesty's consul arrived from Ispahan on the 22nd October.
2. Order appears to have prevailed at Shuster during September, and a police force was in process of organisation. The Dizful-Shuster road, which was rendered unsafe in the earlier portion of the month by the Sagwands, was at the end of September reported safe.
3. About the middle of September a strike took place among the coolies working on the pipe-line of the Anglo-Persian Oil Company, near Nasiri. A transport officer struck a coolie in the side with some iron digging instrument, because he was rather slow at his work. The other coolies stopped work and took the wounded man to Sheikh Chasib, who advised them to work no more for the oil company, but otherwise ignored the incident. They then went to His Majesty's consulate, but were referred by the head clerk to the deputy-governor. The strike only lasted three days as the men were short of money. The wounded man is recovering.

C. B. STOKES, Major,
Military Attaché.

[42260]

No. 348.

Sir G. Barclay to Sir Edward Grey.—(Received November 21.)

(No. 203.)
Sir,

Tehran, November 3, 1910.

I HAVE the honour to transmit herewith copy of a letter addressed to the Imperial Bank of Persia on the 10th ultimo,* giving notice of the redemption of the Persian Government's debts to the bank, and informing the bank that the Persian Government had entered into negotiations with Messrs. Seligman Brothers for a loan.

In a letter, dated, I think, the 10th ultimo, copy of which the Minister for Foreign Affairs showed me yesterday, the Persian Government formally applied through Mr. Moore to Messrs. Seligman to arrange a loan, in order to pay off the bank and provide funds for the Persian Government.

* See Enclosure 2 in No. 186.

It has been clearly desirable that I should, as far as possible, hold myself aloof from these negotiations as well as those opened by Vakil-ul-Roaya with the Imperial Bank, so that until yesterday my information regarding these rival loan negotiations was derived exclusively from the bank manager and from Mr. Moore. I have given this information somewhat fully in a separate despatch No. 198 of the 31st ultimo.

Since writing that despatch, I have had a conversation with the Minister for Foreign Affairs regarding the attitude of the Persian Government in this matter. Having heard from the bank manager that the Persian Government were likely to publish an official denial of the negotiations with the bank, I thought it right to broach the matter to the Minister for Foreign Affairs in an interview yesterday, and I privately advised him to withhold any such *démenti*, as it would retard the obtaining of money. His Excellency had just received a telegram from Seligman Brothers to the effect that His Majesty's Government were unwilling to prejudice the Imperial Bank's interests, and must await the result of the bank's negotiations; Seligman's, therefore, having no longer the necessary approval of His Majesty's Government, must reluctantly retire from further negotiations.

Hussein Kuli Khan asked me what was the reason of the attitude of His Majesty's Government, and I replied that it was doubtless because the Seligman scheme would most seriously prejudice the bank. His Excellency then denied that there had been any negotiations, properly so-called, with the bank, and spoke of the pourparlers with Vakil-el-Roaya as merely informal conversations. I replied that at any rate the Persian Government had asked the bank manager to quote a price at which they could arrange a loan, and, moreover, the Imperial Bank of Persia had offered to the Minister of Finance, in writing, to arrange a loan for the Persian Government, and had assured them that they could do it on considerably better terms than Seligman Brothers. Hussein Kuli Khan then told me that Seligman's definite terms were not known. It was true that Mr. Moore had quoted terms, but Mr. Moore was awaiting his formal credentials appointing him Seligman's agent, and without these he had not been able to speak with proper authority. Mr. Wood's letter, promising better terms than those offered by Seligman Brothers, could not be considered until Seligman's terms were definitely known.

Hussein Kuli Khan did not seem to regard Seligman's negotiations as finally broken off. He is doubtless relying on Mr. Moore's efforts to compel a change of attitude on the part of His Majesty's Government.

For some days past the manager of the Imperial Bank of Persia has been doing his utmost to dissuade the Persian Government from publishing a denial of the bank's negotiations, and the Minister of Finance has now promised him that they will not do so if the Imperial Bank of Persia make a firm offer immediately. I trust that the bank will see its way to adopt this course. Whether the offer is accepted or not, it seems to me that a firm offer, with full Government approval, would be very desirable at this moment, when we are exerting strong pressure for the restoration of order in the south, for which purpose the Persian Government must have money.

I have, &c.
G. BARCLAY.

[42261]

No. 349.

Sir G. Barclay to Sir Edward Grey.—(Received November 21.)

(No. 204. Very Confidential.)

Sir,

Tehran, November 3, 1910.

THE Minister of Foreign Affairs informed me at his official reception yesterday that he had instructed the Persian representatives in London and St. Petersburg to tender an official protest against the action of my Russian colleague and myself in the matter of the pressure exerted by us with the object of forcing the Persian Government to pay the overdue instalment of the ex-Shah's pension. The Minister of Foreign Affairs appears at the same time to have told Reuter's correspondent of what he had done, as I see that the matter has found its way into the press through this channel.

I was therefore not entirely taken by surprise when I received your telegram No. 319 informing me of the Persian Minister's representations, and asking for a report on the circumstances, which I have endeavoured to submit to you as briefly as possible in my telegram No. 447 of to-day's date.

I need not, perhaps, recapitulate the explanations given in my telegram, but there are certain points in it which, I think, may usefully be amplified.

Absurd as it may seem, the view is very generally held here that the present Minister of Foreign Affairs is not only in enjoyment of a certain measure of British confidence, but that he is actually inspired by this legation, while some persons go so far as to hold the view that, as he was educated in England, and as his brother is a member of my staff, he must, at all events, enjoy the moral, if not avowed, support of His Majesty's Legation.

Immediately before I decided to join my Russian colleague he had told me of a story which had reached his ears from a trustworthy source, that the Minister of Foreign Affairs had stated to his supporters in the Medjliss that the British note of the 14th October respecting the southern roads did not come entirely as a surprise to him, and that his reply had been shown to me in draft form.

At the same time, one of the Ministers in the new Cabinet sent me a message to the effect that the Minister of Foreign Affairs was telling his friends that, though the Russians were hostile to him personally, he and Persia enjoyed a full measure of British sympathy and support.

I am not in a position to say whether either of these two specific instances of the Minister of Foreign Affairs' alleged sayings are actually true or not, but the fact remains that such things are said of him and have reached my Russian colleague's ears. It is notorious, and I have reported it to you in various despatches and telegrams, that the relations between my Russian colleague and the Minister of Foreign Affairs are by no means of the best. The Russian Minister finds the Minister of Foreign Affairs intractable, obstinate, and thoroughly unsatisfactory. He complains that he can obtain no settlement of his many cases. But this is not all; the present Minister of Foreign Affairs is, now that Taki Zadeh has left Tehran, the leader of the Extremist section of the Nationalist party, which has been so prominent in the anti-Russian propaganda since the deposition of Mohammed Ali, and as such is obviously the person upon whom most of the onus of Russia's resentment falls.

It was in this atmosphere that I was called upon to decide whether or not I would join my Russian colleague in taking the step to which he had committed himself in order to force the Persian Government to pay the overdue instalment of the ex-Shah's pension.

I decided as I did in the best interests, as I believed, of Anglo-Russian co-operation.

I have, &c.
G. BARCLAY.

[42262]

No. 350.

Sir G. Barclay to Sir Edward Grey.—(Received November 21.)

(No. 205.)

Sir,

Tehran, November 3, 1910.

WITH reference to the concluding paragraph of my despatch No. 196 of the 29th October, I have the honour to enclose herein an English translation of the note addressed to me by the Persian Minister of Foreign Affairs in reply to my note of the 14th ultimo respecting the establishment of order on the southern roads.

I have, &c.
G. BARCLAY.

Enclosure in No. 350.

Hussein Kuli Khan to Sir G. Barclay.

(Translation.)

Your Excellency.

Tehran, October 21, 1910.

NOTE has been taken of the purport of your Excellency's communication of the 10th Shavval, 1328 (A.H.) (14th October, 1910), respecting the southern roads, and I now have the honour to say that His Majesty's Government, being well aware (of the fact), should therefore admit in what (a deplorable) condition the country was in when, after the decline of the former disturbances, the Persian Government last year took up the reins of Government, seeing that all the affairs and Government administrations—especially the finances—were in complete disorder, and that the foundations of security and public contentment were completely disturbed.

[1761]

3 E

Though (the Government were) daily confronted with obstacles, such as the stay of bodies of foreign troops in the interior of the country—which causes public uneasiness, and is the pretext for incitement and intrigue on the part of persons who profited by the former disturbances—as well as other incidents, such as those at Karachidagh, Ardebil, Zenjan, Veramin, &c., which constantly occupied the Government forces at several points; from that date to this the affairs of the country have, in many instances, improved and are improving.

But unfortunately, in certain places, the intrigues of persons who, for their own profit, wish that the country should remain in the state of disturbance of the former régime, are still going on, as explained below, and have not entirely ceased. For instance, certain persons, after being guilty of sedition and intrigue, take refuge in various legations, and, availing themselves of the protection afforded to them, consider themselves exempt from exile, which is customary in the case of such refugees, and intrigue within and without the precincts of the legation. Others again, by methods the illegality of the majority of which has never been contested, such as protégés, considering themselves immune, do not recoil from any kind of incitement or sedition. In the same way others who pass among the people as Persian subjects, but in reality, relying on their foreign nationality, commit crimes with audacity and in complete confidence, and afterwards, declaring themselves to be foreign subjects, evade the jurisdiction of the Government. And also persons, undoubted Persian subjects, who by illegal means pretend they are foreign subjects, and then commit various kinds of sedition.

These conditions, which cause the utmost trouble to the Government, provoking disturbances in the country, and, furthermore, the continued stay of bodies of foreign troops, have encouraged some persons to treasonable consideration of a return of the former régime and give them unfounded hopes.

Apart from the fact that the Government's attention and time is thereby, to an extraordinary degree, directed to considerations and necessities relating to home affairs, this matter is naturally a cause of regret and sorrow, as a prolongation of this state of affairs might possibly cause a blow to and injure trade between Persian and British subjects in the southern provinces.

The Persian Government is of opinion that the principal cause of this unfortunate state of affairs, apart from the reasons above stated, is the unfortunate impression caused by the stay of bodies of foreign troops and the financial straits and embarrassment of the Government, which is one of the consequences of the mismanagement and carelessness of the former régime.

If these unfortunate impressions and financial straits did not exist, the forces at present at the Government disposal would be sufficient for the maintenance of order, and the maintenance of order on the southern roads would present no difficulty in itself.

But, as mentioned above, it is because of financial straits and embarrassments that the Government has not been able to fulfil its principal aim, which is that of increasing security.

As in the reply of the Ministry of Foreign Affairs of the 26th Rabbi-ul-Avvel (A.H.) (7th April, 1910), it was brought to your Excellency's notice that the new Government, as soon as formed, had laid it down in the programme which they presented to the Medjliss that a portion of the advance and loan which they had in view should be devoted to the increase of security on the roads. Consequently the Minister of Finance and Foreign Affairs of that day entered into negotiations with your Excellency regarding an advance and loan.

The note of the 5th Sefer, 1328 (A.H.) (16th February, 1910), in answer to the efforts of the Persian Government, contained conditions laid down by the British Government for that small advance, the acceptance of which would have been contrary to the independence of the kingdom, the maintenance of which is the primary duty of every Government. In view of these circumstances the Persian Government sought for other means of procuring funds. In the meantime, your Excellency's note of the 3rd Rabbi-ul-Avvel, 1328 (A.H.) (16th March, 1910), regarding the international syndicate, brought about discussions and exchanges of notes which caused delay in the obtaining of the fund necessary for the purpose of increasing security on the roads. At the same time, besides the fact that the discussions and exchange of notes above mentioned created results which preoccupied the Persian Government, they brought about ideas among the public, the result of which in course of time has led to the situation referred to in your Excellency's recent note.

Under these circumstances, your Excellency's sense of justice will cause you to

admit that if the new Government had not at the outset been confronted with these difficulties in obtaining money, the maintenance of complete security would have been much easier for the Government than it is at present.

In spite of this the Persian Government have not for an instant swerved from their purpose, and, with the accomplishment of this object in view, they are considering the following means of obtaining funds:—

They are in process of negotiation with a group regarding their recognised (consolidated) debt to the Imperial Bank with lower interest, and the Persian Government is of opinion that in this manner a sum of money will be available which will enable them quickly to put an entire stop to sedition and incitement. The guarantee which the Persian Government propose to offer for this loan is the same guarantee which was given for their recognised (consolidated) debt to the Imperial Bank, *on account of the revenues of the southern customs.** For this reason the guarantees of Persia's other loans will in no way suffer.

In view of the Persian Government's anxiety respecting the immediate security of the commercial highways, they consider it very appropriate that the greater part of the expenditure now necessary for increasing the security of the roads should be met by the funds obtained by this transaction, and they assure His Majesty's Government that the Indian loan of 1904 will in no way be adversely affected by this financial measure.

In these circumstances, the Persian Government are quite confident that His Majesty's Government, in view of their anxiety respecting the development of commerce, will look favourably upon this transaction, which the Persian Government have in view chiefly on this account.

At the same time, I think it necessary to draw your Excellency's attention to the fact that as the Persian Government cannot every year, by successive loans, meet its requirements, they must find a source of revenue to meet each requirement; and the best source of revenue obtainable at the present time, under the present conditions of Persia, which could furnish a portion of the sum required for the gendarmerie, is that very suggestion contained in your Excellency's last note regarding an increase of 10 per cent. on the customs revenues.

But as the proposal contained in the above-mentioned note is contrary to the undoubted independence of the Persian Government, the friendly relations and the amity which up till now have existed between the two Governments, the Persian Government can never under any circumstances consent to it. But as, on the other hand, the Persian Government take particular note of the anxiety of His Majesty's Government respecting the commercial highways, and as the Persian Government consequently regard the maintenance of their own independence and the removal of His Majesty's Government's anxieties on this score as identical, they consider it desirable that this 10 per cent. tax should be levied on the customs by the Persian Government themselves and be expended on the necessary increase of security.

The Persian Government therefore request His Majesty's Government, through the medium of your Excellency, that they should give their support to the accomplishment of this aim; and as this request of the Persian Government is made with the object of developing commerce, and the Persian Government consider its fulfilment necessary for the maintenance of the very same security which you mentioned, its acceptance should be hastened.

Before concluding this note I consider it necessary, in order to prove that commerce has not suffered, to draw the attention of His Majesty's Government to the extraordinary increase of the customs receipts from the south. Without, however, entirely denying that in recent times there have been any kind of troubles and obstacles in the way of means of commerce between Persia and England, I consider that it is shown by the statistics of customs revenue that no real commercial losses have been sustained by British subjects, while, on the other hand, the increase of 100,000 tomans in the Arabistan customs receipts in the year "Takagoui-il" (1909-10), as compared to the previous year, and the extraordinary increase during the present year, conclusively proves that southern commerce has only been temporarily diverted from its former channel.

Furthermore, the whole of Persia's commercial imports during last year showed an increase of about 19 per cent. over those of the year "Pichi-il" (1908-9), and during the five months of the present year an increase of 20 per cent. is shown.

* The part italicised does not appear in the French translation.—G. P. C.

In view of the facts above stated, the Persian Government are of opinion that foreign subjects have no cause of complaint regarding commerce with Persia.
(Usual ending omitted.)

(L.S.) HUSSEIN KULLI.

[42225]

No. 351.

Mr. Marling to Sir Edward Grey.—(Received November 21.)

(No. 829. Confidential.)

Sir,
Constantinople, November 13, 1910.
WITH reference to Sir Gerard Lowther's despatch No. 638 of the 9th September, I have the honour to forward herewith a despatch from His Majesty's consul at Erzeroum, reporting on an attack by the Sirdar of Maku on a guard-house at Bulak Bashi.

I have, &c.
CHARLES M. MARLING.

Enclosure in No. 351.

Consul McGregor to Sir G. Lowther.

(No. 86. Confidential.)

Sir,
Erzeroum, October 29, 1910.
WITH reference to my despatch No. 61, Confidential, of the 29th August, I have the honour to report to your Excellency that a fresh incident appears to have taken place on the Persian frontier near Bayazid about a fortnight ago, the immediate object of the dispute being a guard-house which the Turks have built at Bulak Bashi, a point claimed by the Sirdar of Maku as Persian territory.

According to the information I have been able to obtain, the Sirdar, on learning of the erection of the guard-house, sent a representative named Mirza Selman to discuss the matter with the Mutessarif of Bayazid, who, however, had already written to the Sirdar that Bulak Bashi was indisputably Turkish, and that inasmuch as it commanded the pathways habitually used by marauders, the existence of a guard-house manned by fifty soldiers could only be beneficial to Persian as well as to Ottoman subjects.

These considerations do not appear to have appealed to the Sirdar, who, a few days ago, sent a body of his supporters to pull down the guard-house, where they were successfully repulsed after a skirmish, the Turks having received reinforcements from Bayazid.

I am informed by the vali that this incident has already led to a formal protest on the part of the Russian Embassy; but the acting Russian vice-consul at Bayazid does not appear to have taken any action, and the Russian consul-general here assures me that he has no direct information as to what has taken place.

The vali, however, tells me that having received a telegram from the Sublime Porte instructing him to assure himself that no guard-houses were being built on Persian territory he replied that nothing of the sort was being done, and that there could be no doubt as to Bulak Bashi being Turkish. His Excellency went on to say that he was surprised at the ignorance betrayed by the Sublime Porte's telegram, as, although he possessed no map of the frontier district, he could prove from official archives not only that Bulak Bashi was Turkish, but also that the districts of Yarim Kaya, Dambat, and Ovajik were in reality Ottoman territory. The motive of Russian intervention in this instance was an apprehension lest, in asserting their rights by effective occupation, the Turkish Government should render nugatory the great strategical advantages which Russia at present enjoyed in virtue of her possession of Shahtakhta, near Nakhichevan. It was a matter of vital moment to Turkey that the value of Shahtakhta should be neutralised; otherwise, there would be nothing to hinder a Russian army from marching down to the Persian Gulf.

The Persian consul-general at Erzeroum is absent on indefinite leave, and I understand that the Russian consul-general has not approached the vali on the frontier question.

I hear on good authority that a staff officer named Riza Bey arrived here from

Constantinople two days ago, and immediately proceeded to Van with the object of reporting on the situation in the frontier districts of that province.

I have, &c.

P. J. C. MCGREGOR.

P.S.—During a visit which I received from the vali after copying out this despatch, his Excellency informed me that he had been instructed by the Sublime Porte to maintain the Turkish claim to Bulak Bashi, and that he had addressed a note to the Persian consul-general here to that effect, adding that any encroachments on Ottoman territory would be repelled by force.

P. J. C. McG.

[42210]

No. 352.

Mr. O'Beirne to Sir Edward Grey.—(Received November 21.)

(No. 455.)

Sir,

St. Petersburg, November 16, 1910.

I COMMUNICATED yesterday to the Acting Minister for Foreign Affairs the substance of your telegram No. 686 of the previous day, in which you informed me that the Imperial Bank had made a firm offer to the Persian Government with a view to the proposed loan, but that some little time would elapse before the contract was signed, and that the hope had been expressed to the bank by His Majesty's Government that the matter would not be concluded until the conversion of the debts to the Russian Bank had been carried through.

M. Sazonow showed me a telegram which he had received from M. Poklewsky, stating that the cash advance just made by the Imperial Bank to the Persian Government seemed already to have unfavourably disposed the latter in regard to the Russian conversion negotiations. His Excellency said that he hoped the next thing would not be that we should hear that, notwithstanding the wish expressed by His Majesty's Government, the bank had concluded the proposed transaction. Was there, his Excellency asked, any chance of that occurring? I admitted that such a thing was possible, for, as I had already stated to him, His Majesty's Government could not actually prevent the bank from going on with the transaction; they could only exert their influence with the bank. M. Sazonow said that if that occurred it "would produce a very unfavourable impression here"—an observation which he made twice in the course of our conversation. After referring to the effect which an immediate conclusion of the loan would have on the prospects of the Russian conversion scheme, his Excellency proceeded to say that "this would make it out of the question to withdraw the Kazvin force." The Russian troops would have to remain in North Persia for years to come, which would, he supposed, be as unpleasant to the British as it would be to the Russian Government. The observation was made in a good-humoured but significant manner, and its intention was perfectly plain. I offered no comment upon it.

I said, however, to his Excellency that I must remind him that at the time when the Imperial Bank proposed to make an advance of 100,000*l.* to the Persian Government, the Russian Government had concurred in their doing so without waiting for the conversion of the debts to the Russian Bank, provided that His Majesty's Government considered it of real importance that the transaction should be concluded at once. It was now, I said, merely a question of 300,000*l.* instead of 100,000*l.* I also remarked that I could not understand how an operation which resulted in giving the Persian Government some 300,000*l.* in cash could really exert an unfavourable influence on the Russian conversion negotiations. M. Sazonow replied that the fact remained that it did so. The Persians were a semi-civilised people, and as soon as they had a little money in hand they thought they could defy the Russian Government.

I have, &c.

HUGH O'BEIRNE.

[1761]

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[42212]

No. 353.

Mr. O'Beirne to Sir Edward Grey.—(Received November 21.)

(No. 457.)

Sir,

St. Petersburg, November 16, 1910.

I HAVE the honour to report that the "Novoe Vremya" to-day publishes an article in which reference is again made to the alleged agreement arrived at during the Potsdam conversations between M. Sazonow and the German negotiators respecting Russian railway construction in Persia and the Bagdad Railway scheme. The article declares that the agreement by which friction in Persia injurious to Russian interests has been removed has been reached at the cost of a Russian promise to link up the future Persian system of railways with the Bagdad line. The writer, whilst fully recognising the value of any agreement securing tranquillity in Persia, considers it superfluous to state to whom this particular agreement is the more advantageous—Russia or Germany. He quotes figures to show that at present more than half of Persia's foreign trade is in Russian hands, a fact which the "Novoe Vremya" attributes principally to the geographical position of the two countries. This advantage will be lost with the opening of railway communication from the centre of Persia westward to the Mediterranean Sea. The "Novoe Vremya" therefore urges immediate reorganisation and improvement of the existing waterways connecting the central industrial regions of Russia with the Caspian Sea and Persian ports, which, in the opinion of this paper, will materially lessen the harmful effect to Russian trade of the invasion of Persia, which seems inevitable in the future, by cheap European goods. The article then discusses the scheme for a new "world-route" from Baku across Persia to the nearest railway station on the Indian system—Nushki—and declares that since the question of linking up Russian railways in Persia with lines of other countries has arisen the matter should be carried out to its logical conclusion. An extension of the Russian railway system from Baku to Nushki would give a continuous line from Calais to Bombay of 8,250 versts, which would reduce the length of the journey between these two ports by seven to seven and a half days. This would be sufficient to convert the new route to India into a "world" route by which all the mails would travel and the majority of first and second class passengers. It would involve the construction of about 2,300 versts—1,800 versts from Baku via Tehran to the Perso-Indian frontier and 500 versts farther to Nushki.

The "Novoe Vremya" admits that such an enormous undertaking of general European importance could not be carried out by Russia alone nor solely by Russian enterprise. A similar idea was considered in Russia in the eighties, and has now been restored to life, and is being placed on a practical footing. Something in the nature of a preliminary committee has been formed in Russia for the consideration of a general plan for its realisation. Financiers and engineers from France, England, and Germany will be invited to take part in the deliberations, so that the matter immediately becomes invested with an international character.

I have, &c.

HUGH O'BEIRNE.

[42754]

No. 254.

Note communicated by M. de Etter, November 21, 1910.

L'AGENT du consulat de Russie à Kashan a été victime d'une agression incroyable de la part des autorités Bakhtiars locales.

Le chef de la police, accompagné de quelques Bakhtiars, sans autorisation et même sans avis préalable, a fait irruption dans l'agence par le toit de la maison sous prétexte de rechercher un criminel. Il n'en a naturellement pas été trouvé, mais tout dans la maison a été bouleversé; on a même pénétré dans la partie de la maison réservée aux femmes et on y a fracturé des coffres contenant des vêtements. A la suite de cela nombre d'objets sont introuvables.

L'agent a été injurié et offensé; il est tombé malade à la suite de la commotion.

Les violences et les désordres des Bakhtiars ont provoqué à Kashan un mécontentement toujours croissant.

*Ambassade Impériale de Russie, Londres,
le 21 novembre, 1910.*

[42412]

No. 355.

Sir G. Barclay to Sir Edward Grey.—(Received November 21.)

(No. 485.)

(Telegraphic.) P.

Tehran, November 21, 1910.

SHEIKH of Mohammerah and Bakhtiari.

Reports from Mohammerah state that one section of Bakhtiari is instigating Farhan Assad and tributary of Sheikh Kha'zal not to pay taxes to sheikh, and has promised that if sheikh should attempt to coerce him that they will assist Farhan.

A large force has been sent against Farhan by sheikh, and another faction of Bakhtiari has promised that if the opposite section assist Farhan they will support sheikh.

Pending further information, I am urging upon Sardar Assad that immediate and stringent instructions be sent to the pro-Farhan section of Bakhtiari not to afford Farhan assistance.

[42754]

No. 356.

Sir Edward Grey to Mr. O'Beirne.

(No. 697.)

(Telegraphic.) P.

Foreign Office, November 21, 1910.

KASHAN incident: your telegram No. 321 of the 19th November.

British Minister at Tehran will be instructed to assist his Russian colleague in securing adequate reparation. Might not Russian conversion be expedited if this incident were made use of by Russian Government as a lever?

Persian Government might be informed that, if they would prove their regret by adopting a more conciliatory attitude on other questions, a more lenient view might be taken of formal reparation for Kashan insult.

[41632]

No. 357.

Sir Edward Grey to M. Cambon.

THE Secretary of State for Foreign Affairs presents his compliments to the French Ambassador, and, with reference to the memorandum communicated by his Excellency on the 14th November expressing the hope that the debt of the Persian Government to Messrs. Schneider might be made good out of the loan now under negotiation, has the honour to inform his Excellency that the greater part of this loan will, if it be made, be absorbed in a scheme for the conversion of existing Persian indebtedness; and that out of the surplus no provision will be made for the repayment of British creditors. If, however, the Persian Government issue a loan for the satisfaction of their creditors, and British claims are put forward, His Majesty's Government will give their support to the French Government by ensuring that French claims are also considered.

Sir E. Grey takes this opportunity to add that His Majesty's Government much appreciate the friendly action of the French Government in discouraging Messrs. Schneider from lending money to the Persian Government at a moment when such action might have been inconvenient to Great Britain and Russia.

Foreign Office, November 21, 1910.

[41871]

No. 358.

Foreign Office to India Office.

Sir,

Foreign Office, November 21, 1910.

WITH reference to your letter of the 15th November on the subject of the British force for the protection of the Shiraz consulate, I am directed by the Secretary of State for Foreign Affairs to transmit to you, to be laid before the Earl of Crewe, copies of a telegram to His Majesty's Minister at Tehran and of the reply which has been received from him with regard to the situation at Shiraz.*

* Nos. 314 and 321.

I am to state that, in the circumstances described, Sir Edward Grey concurs in the view expressed by Sir G. Barclay with regard to the retention of the Maxim gun.

I am, &c.

LOUIS MALLET.

[42537]

No. 359.

Anglo-Persian Oil Company to Foreign Office.—(Received November 22.)

*Winchester House, Old Broad Street, London,
November 21, 1910.*

Sir,

I BEG to acknowledge receipt of your letter of the 18th instant on the question of my company's intended boring for oil in the territory of the Sheikh of Mohammerah, and conveying the views of Sir George Barclay, and Sir Edward Grey's concurrence with same, on this question, and also the request that my company will for the present defer any boring operations in this territory without the consent of the sheikh.

I beg to state that this matter will be brought before my board at their next meeting, and that, pending further consideration of the question, the company's agents in Persia will be instructed to defer boring operations.

I have, &c.

C. GREENWAY,

Managing Director.

[42531]

No. 360.

The Imperial Bank of Persia to Foreign Office.—(Received November 22.)

Sir,

25, Abchurch Lane, London, November 21, 1910.

I HAVE the honour to acknowledge the receipt of your letter of the 17th instant relating to the arrangement come to between the Persian Government and the bank in respect to the Anglo-Indian debt of the Persian Government, amounting on the 21st March last to 314,281l. 16s. 4d., and in reply to the question of the Secretary of State for Foreign Affairs as to whether the system by which payment is to be made to the bank of the full net customs receipts of the Persian Gulf ports is now in operation, and whether the Government of India may shortly expect to receive the monthly payments of interest on the Anglo-Indian debt, I would state that the arrangement is working quite regularly, and we have telegraphed to our Tehran office requesting them to remit to us by mail the amount of the interest due to His Majesty's Government. On receipt of the amount, with particulars, we will at once make the payment here. We were under the impression that the payments for account of His Majesty's Government were to be made yearly, but as it appears that the Government of India prefer to receive the moneys monthly, we will request our Tehran office to remit the sums in future every month.

We take note of the Secretary of State's suggestion in regard to retaining 1 per cent. interest on the 314,281l. 16s. 4d. for the three years ending the 20th March, 1913, and as regards the period the 21st March, 1913, to the 20th March, 1928, we shall be glad to receive at your convenience the table of amortisation which the India Office have kindly offered to supply.

I am, &c.

G. NEWELL, *Manager.*

[42532]

No. 361.

Sir G. Barclay to Sir Edward Grey.—(Received November 22.)

(No. 486.)

(Telegraphic.) P.

Tehran, November 22, 1910.

IMPERIAL Bank of Persia's proposed loan to Persian Government.

In continuation of my telegram No. 483 of the 19th November, I have the honour to report that certain changes in the contract before its submission to Medjliss have been suggested by Minister of Finance. Bank manager has telegraphed these to his head office in London. (Please refer to his telegram.)

It is difficult to explain object of No. 2. Unless Persian Government are actuated by some secret ulterior motive, reason of their anxiety to proceed to redemption immediately is not clear.

With regard to No. 3, I recommend that the alternative mentioned be accepted by bank, as I am convinced that it will be most difficult for the Cabinet to persuade the Medjliss to give its consent to control. Please refer to my telegram No. 473 of the 15th November.

Control in event of default is being demanded by Russian Government in the Russian Bank conversion. Russian Government might, I submit, more easily be persuaded to waive this demand if Imperial Bank of Persia does not insist on control.

[42566]

No. 362.

Mr. O'Beirne to Sir Edward Grey.—(Received November 22.)

(No. 322.)

(Telegraphic.) P.

St. Petersburg, November 22, 1910.

THE Minister of Foreign Affairs has telegraphed in the following sense to the Russian Minister at Tehran with regard to the Kashan incident:—

He need not insist on a personal apology from the Persian Minister of Foreign Affairs. Reparation should take the following form: The Russian flag at the Kashan vice-consulate to be solemnly saluted in the presence of the military and civil authorities; punishment to be inflicted on the official who is found, on enquiry, to be responsible for the outrage.

In view of the objections of His Majesty's Government to suggested action in regard to the Nawab as a means of bringing pressure to bear on the Persian Government, M. Sazonow now proposes the suspension of the visa on Persian passports for Russian territory.

[42537]

No. 363.

Sir Edward Grey to Sir G. Barclay.

(No. 352.)

(Telegraphic.) R.

Foreign Office, November 22, 1910.

YOUR telegram No. 469 of 15th November: Boring operations in territory of Sheikh of Mohammerah.

Company will defer operations pending further consideration.

[41917]

No. 364.

Sir Edward Grey to Mirza Mehdi Khan.

THE Secretary of State for Foreign Affairs presents his compliments to the Persian Minister, and has the honour to acknowledge receipt of his memorandum of the 16th November upon the question of pension of the ex-Shah of Persia.

Foreign Office, November 22, 1910.

[42192]

No. 365.

Foreign Office to India Office.

Sir,

Foreign Office, November 22, 1910.

I AM directed by Secretary Sir E. Grey to transmit to you, to be laid before the Earl of Crewe, a copy of a telegram from His Majesty's Minister at Tehran on the subject of a request which he has received from the Persian Minister of Posts and Telegraphs for the loan of an inspector from the Indo-European Telegraph Department to effect urgent temporary repairs on the Arabistan telegraph lines.*

* No. 341

[1761]

3 G

Sir E. Grey would be glad to be informed of Lord Crewe's views as to the reply which should be returned to this application.

I am, &c.
LOUIS MALLET.

[42656]

No. 366.

Mr. O'Beirne to Sir Edward Grey.—(Received November 23.)

(No. 323.)

(Telegraphic.) P.

St. Petersburg, November 23, 1910.

KASHAN incident.

Your telegram No. 697 of the 21st November was only delivered at the embassy at 10 p.m. last night, having been delayed in the Russian post-office.

I have now conveyed your suggestion to M. Sazonow. His Excellency is of opinion that it would be difficult for the Imperial Government to connect the two matters—Kashan incident and conversion question—officially. But the Russian Government would be grateful if Sir George Barclay can speak to the Persian Government in the sense suggested by you.

(Confidential.)

M. Sazonow was unable to see me, and we spoke by telephone. I could not therefore discuss with his Excellency the obvious difficulties of this course.

[42806]

No. 367.

Mr. O'Beirne to Sir Edward Grey.—(Received November 24.)

(No. 324.)

(Telegraphic.) P.

St. Petersburg, November 24, 1910.

PLEASE see your telegram No. 696 of the 21st instant.

(Secret.)

At an interview which I had with M. Sazonow to-day, his Excellency told me that he had now communicated to the French Ambassador the information which he gave me on the 8th November.

[42663]

No. 368.

Sir Edward Grey to Sir G. Barclay.

(No. 354.)

(Telegraphic.) P.

Foreign Office, November 24, 1910.

SWEDISH consul-general at Tehran: Sir C. Spring-Rice's telegram No. 22 of the 23rd November.

You are at liberty to use your own discretion in the matter.

[41535]

No. 369.

Sir Edward Grey to Sir F. Bertie.

(No. 492.)

Sir,

Foreign Office, November 24, 1910.

I TRANSMIT to your Excellency herewith copy of a despatch from His Majesty's chargé d'affaires at St. Petersburg,* in which he forwards a translation of an *aide-mémoire* expressing the views of the Russian Government with regard to the proposed return of Prince Zil-es-Sultan to Persia.

In the event of it being necessary for your Excellency to say anything to the Zil-es-Sultan in connection with this matter, your Excellency should be guided by the views expressed in this *aide-mémoire*.

I am, &c.
E. GREY.

* No. 296.

[42663]

No. 365*.

Lord Kilmarnock to Sir Edward Grey.—(Received November 23.)

(No. 22.)

(Telegraphic.) P.

Stockholm, November 23, 1910.

SIR C. SPRING-RICE being incapacitated by illness from dealing with official business, I called on the Swedish Minister for Foreign Affairs this afternoon, and, in accordance with instructions contained in your despatch No. 83 of the 18th November, 1910, informed him unofficially that you understood that the Swedish consul at Tehran was about to retire, and that His Majesty's Government would be glad if the Swedish Government could make it convenient to appoint another British subject as his successor.

His Excellency promised to take your wishes into consideration, though he had not yet received news of the impending retirement. He said that the present consul-general would probably be consulted by the Swedish Government on the choice of his successor, and enquired whether there was any candidate whom His Majesty's Government wished to recommend.

Perhaps the present occupant of the post might prove to be accessible to a suggestion from Sir G. Barclay as to whom he should recommend as his successor; or, if not, would it not be well if His Majesty's Government put forward the name of a candidate before pressure could be applied from another quarter?

[41535]

No. 370.

Sir Edward Grey to Mr. O'Beirne.

(No. 306.)

Sir,

Foreign Office, November 24, 1910.

I HAVE received your despatch No. 450 of the 12th November, in which you enclose a translation of an *aide-mémoire* expressing the views of the Russian Government with regard to the proposed return of Prince Zil-es-Sultan to Persia.

I transmit herewith, for your information, a copy of a despatch which I have addressed to His Majesty's Ambassador at Paris on the subject.*

I am, &c.

E. GREY.

[41897]

No. 371.

Foreign Office to India Office.

Sir,

Foreign Office, November 24, 1910.

I AM directed by the Secretary of State for Foreign Affairs to transmit to you, for the information of the Earl of Crewe, copy of a telegram from His Majesty's Minister at Tehran on the subject of a proposal made by Lieutenant Wilson that he should proceed on a tour for the purpose of making a survey for a railway between Moham-merah and Julfa.†

Copies of the two despatches from His Majesty's consul-general at Bushire on the same subject, which are referred to in Sir G. Barclay's telegram, are also enclosed.‡

I am to state that Sir E. Grey proposes to delay expressing an opinion on the subject until he is in possession of the views of the Viceroy of India, together with any observations which the Earl of Crewe may have to make on them.

I am, &c.

LOUIS MALLET.

[42807]

No. 372.

Sir F. Bertie to Sir Edward Grey.—(Received November 25.)

(No. 442. Confidential.)

Sir,

Paris, November 23, 1910.

WITH a view of acting on the authority given in your telegram No. 398 of the 17th instant, I called on M. Pichon by appointment on the 20th instant, and communicated to his Excellency the following information respecting the interviews at Potsdam between the Russian Minister for Foreign Affairs and the German Chancellor and M. de Kiderlen-Wächter.

M. Sazonoff, on his return to St. Petersburg, had told His Majesty's chargé d'affaires there that, in the course of negotiations respecting Persia and the Bagdad Railway, the question of a neutral zone in Persia was not referred to. The only engagement as regards the Russian sphere which M. Sazonoff had entered into was that the North Persian Railway system would be connected at Khanikin with the future Bagdad Railway system. No undertaking had been entered into by Russia as to beginning railway construction in Persia within any specified time. No reference had been made by the German Government as to a participation in the supply of material, but they had asked that no differential rates should be established. As regards concessions of a territorial nature in the Russian sphere, the German Government had appeared to acquiesce, as also in a stipulation made by M. Sazonoff that, if an arrangement were reached by Germany with England respecting the Bagdad-Gulf section, the Russian Government should have the right to build the branch from Khanikin to Sadijeh. I here informed M. Pichon that His Majesty's chargé d'affaires at St. Petersburg had stated that, as regards this latter portion of his information, he clearly understood M. Sazonoff to express himself in the terms as given above, but that he would take an early opportunity of verifying it.

* No. 369.

† No. 320.

‡ Nos. 315 and 316.

The German Government had further agreed that Germany would build no lines which would touch the Persian frontier to the north of Khanikin.

Further negotiations as to the above arrangements were to be carried on through the German Ambassador at St. Petersburg.

M. Sazonoff had also stated that he had derived the impression both from the German Chancellor and from M. de Kiderlen-Wächter that Germany was about to come to terms with Great Britain respecting the Bagdad-Gulf section of the railway.

His Majesty's Ambassador at Berlin had been told by the German Foreign Secretary that his conversations with M. Sazonoff had been of the most friendly description. He had told Sir Edward Goschen that nothing had been communicated to the press, and that therefore the accounts given were not to be relied on. The conversations had been limited to a very general discussion of the political questions of the day. As regards the Near East, Germany and Russia had agreed upon the maintenance of the *status quo* in the Balkans, and of localising as far as possible any quarrels between the minor States. M. de Kiderlen-Wächter had urged the desirability of supporting—for want of a better—the present Ottoman Government, and of non-interference in Ottoman internal affairs, but he had pointed out that, if internal troubles should ever render outside interference necessary, it would be well that the minor States should thoroughly understand that such interference was not their affair, but that of the Great Powers.

The German Foreign Secretary had touched very lightly in his conversation with Sir Edward Goschen on what had passed with regard to Persian affairs. He had similarly said that he had told M. Sazonoff that, as Russia recognised the principle of the integrity of Persia and of the open door, there was no need for the discussion of Persian political affairs, with which Germany had no concern.

M. de Kiderlen-Wächter had told Sir Edward Goschen that M. Sazonoff had made an excellent impression upon him. He had found him open and frank and devoid of personal vanity, a man with whom one could talk freely, and who, moreover, seemed little likely to spring surprises on Europe as other people had been in the habit of doing.

Sir Edward Goschen had heard that the German Secretary of State made an equally favourable impression on the Russian Minister for Foreign Affairs, and that the latter's idea was that a *détente* between their two countries was absolutely necessary, that it would lead to a rapprochement with Austria, and that the whole of Europe would welcome it as a fresh guarantee of peace.

According to an *aide-mémoire* given to me to-day by M. Pichon, the following information has reached the French Government through the French representatives at St. Petersburg and Berlin as to the Potsdam interviews.

On M. Sazonoff's return to St. Petersburg, he told M. Georges Louis that, at the Potsdam interviews, it had at once been accepted that the existence of the respective alliances and *ententes* was an established principle, but that Germany and Russia, in spite of their diverse engagements, might seek a settlement of differences arising between them. M. Sazonoff then complained of the encouragement given by Germany to Panislamism, which was a subject of disquietude to the Russian Government on account of the great number of Mussulman Russian subjects. The Emperor William and his Ministers declared that they did not favour the Panislamic movement, and that all they desired was a strong Turkey. As regards Persia, no question was raised as to the British zone, but only as to the Russian one, and the conditions had been examined in which, as regards the latter, an *entente* between the two Powers could be realised. The conditions which the German Ambassador at St. Petersburg is to determine with M. Sazonoff would be on the following bases:—

Germany would renounce all political advantages in Persia, but would obtain commercial equality; Russia would consent to the junction at Khanikin of the future Bagdad line and the future Persian line. There would be no other branch line to the north from the Bagdad line towards Persia; and if, in the question of the Bagdad Railway, the system of attributing sections to different Powers were reverted to, Russia would have the right to the Sadije-Khanikin branch; in the meantime, she entirely reserved her assent to the 4 per cent. increase of the Turkish custom dues. As regards Turkey in Europe, the German Ministers declared that, if the Austro-Hungarian Monarchy gave evidence of designs of territorial expansion there, the German Government would not second such a policy.

At Berlin, M. de Kiderlen told M. Jules Cambon that, owing to want of time, it had not been possible to go into questions in detail and there had only been a general

[42916]

No. 372A.

Sir G. Barclay to Sir Edward Grey.—(Received November 25.)

(No. 487.)

(Telegraphic.) P.

Tehran, November 25, 1910.

SITUATION in the south.

I have received two telegrams to-day from His Majesty's consul-general at Bushire, of which following is substance:—

"Two customs mudirs were shot dead, and three of their relations killed and wounded, a few days ago by the inhabitants of Dashti, who had recently had two of their number wounded while running contraband. Murderers then proceeded to Dayer, and, seizing the mudir, now demand a ransom for his release.

"The notorious outlaw, Mir Barkat (please refer to my telegram No. 440 of 31st October), on his recent flight from Bushire to Mekran, was given a cordial welcome and assistance by all the inhabitants on his route.

"In the districts in question the governor of the Gulf ports is powerless to undertake serious punitive measures.

"For months past the Persian war-vessel "Mozaffar" has been *hors de combat*; the "Persepolis" is becoming unserviceable, her shaft is cracked, and she is no longer seaworthy. The Gulf ports are now without any regular troops whatever. By personal influence and long acquaintance with natives of Gulf littoral, Darya Begi has exercised authority, which is now on the wane, leaving the forces of anarchy, which prevail along the Gulf hinterland—and which only remain quiescent so long as no attempt is made to impose authority or collect revenue—without a counterpoise.

"Without up-country troops and large expenditure no governor could cope with the situation.

"In the case of emergency His Majesty's ships in the Gulf are at hand, and at present no special anxiety with regard to safety of foreigners need be felt. Presence of His Majesty's ships, however, constitutes the sole deterrent to dissuade the tribesmen from raiding any port on the coast, including Bunder Abbas and Bushire."

[42912]

No. 372B.

Mr. Marling to Sir Edward Grey.—(Received November 25.)

(No. 254.)

(Telegraphic.) P.

Constantinople, November 25, 1910.

TURKISH guard for Kermanshah consulate.

His Majesty's consul-general at Bagdad informs me that a guard of one Turkish officer and nineteen soldiers has arrived at Kasr-i-shir, in Persian territory. If this is for Turkish consulate at Kermanshah, where there is only one British non-commissioned officer and six men, this strength of force seems excessive.

[1761]

3 H*

exchange of views. As to the Balkan peninsula, it had been agreed that it was to the interest of the two Powers, that the *status quo* should be maintained as long as possible, and to support the present Government in Turkey, or if it should fall, any Government sufficiently strong to restrain the small Balkan States. Also that, in the event of the *status quo* being threatened by internal disorders, it was the business of Europe and not of those small States to bring about and direct a settlement ("liquidation"). M. de Kiderlin said that Austria-Hungary was equally attached to the *status quo* and did not harbour any aggressive intentions. Russia, he observed, had no reason to be astonished at Germany having in the past given Austria-Hungary her support, or at her being resolved to give it again, seeing that the alliance between them was, like the Franco-Russian Alliance, an established fact which was outside discussion. As regards Persia, M. de Kiderlin denied that his Government encouraged the Turks in their ideas of invasion, and intimated that he gave advice in an opposite sense at Constantinople (a statement which, M. Pichon observed, appeared inaccurate). Germany claimed the "open door" in Persia, and the principle of the junction of the Bagdad line with the future Persian railway system in the Russian sphere of influence was accepted. On the other hand, Germany seems to have undertaken to help Russia in preventing the construction in Turkish territory of lines leading from the Black Sea to Persia.

I have, &c.

FRANCIS BERTIE.

[42252]

No. 373.

Foreign Office to India Office.

Sir,

Foreign Office, November 25, 1910.

WITH reference to previous correspondence ending with your letter of the 8th July on the subject of the compensation to be claimed from the Persian Government for the death of two Indian sowars killed in the course of the attack on Mr. Bill, I am directed by the Secretary of State for Foreign Affairs to transmit to you, for submission to the Earl of Crewe, the enclosed copy of a despatch on the subject from His Majesty's Minister at Tehran,* from which it appears that the Persian Government, while declining to admit the principle of responsibility, might be willing to discuss in a friendly way the question of making a compassionate grant of 4,000 tomans to the families of the two sowars.

I am directed by Sir E. Grey to enquire whether Lord Crewe considers that a compromise on these lines should be accepted.

I am, &c.

LOUIS MALLET.

[42997]

No. 374.

India Office to Foreign Office.—(Received November 26.)

Sir,

India Office, November 25, 1910.

IN continuation of previous correspondence ending with your letter dated the 8th June last regarding the payment to the Persian Government of the sum due for the rental of the Central Persia telegraph line, I am directed by the Secretary of State for India in Council to state that a seventh instalment of this rental becomes due on the 1st January, 1911.

As mentioned in the letter from this Office dated the 2nd June last, the accounts in connection with the cost of the line have been forwarded to the Foreign Office and sent on from there to His Majesty's Minister at Tehran, but their presentation to the Persian Government is, it is understood, still delayed. It will therefore be necessary to make another payment of the rental at the minimum rate for the half-year, as shown in the convention.

The Earl of Crewe will accordingly be glad if the Secretary of State for Foreign Affairs will cause the necessary instructions to be communicated to the British Minister at Tehran to make a payment of 12,500 fr. to the Persian Government on the 1st January next, with the explanation, as before, that any further sum due under the

* No. 265.

[1761]

3 H

convention will be paid to them as soon as the accounts for the line have been passed. The amount paid will be adjusted subsequently as a charge against the Indo-European Telegraph Department, as in the previous instances.

I am, &c.
R. RITCHIE.

[43038]

No. 375.

Sir G. Barclay to Sir Edward Grey.—(Received November 27.)

(No. 488.)

(Telegraphic.) R.

Tehran, November 27, 1910.

MR. O'BEIRNE'S telegram No. 322 of 22nd November: Kashan incident.

Russian Minister presented a note yesterday demanding either apology in uniform from Minister for Foreign Affairs or a solemn salute in presence of civil and military authorities and Bakhtiari to Russian flag hoisted over consular agent's house in Kashan. Note demands also dismissal of chief of police and an assurance that local authorities will henceforth afford assistance to consular agent. Failing prompt satisfaction, note threatens "reprisals." I have urged Minister for Foreign Affairs to comply with Russian Minister's demands and thus close incident. His Excellency would be willing that Russian flag should be saluted, but not as covering house of consular agent, whom Persian Government have not recognised. This will not satisfy Russian Minister, who feels bound to assert consular agent's status, and maintains that no recognition is required for Russian appointments in Persia.

(Repeated to St. Petersburg.)

[43039]

No. 376.

Sir G. Barclay to Sir Edward Grey.—(Received November 27.)

(No. 489.)

(Telegraphic.) P.

Tehran, November 27, 1910.

SWEDISH consul-general at Tehran. Reference to Stockholm telegram No. 22 of the 23rd November.

I shall endeavour to find a candidate for post. In the meantime General Schindler promises to consult me before making any recommendation.

[43040]

No. 377.

Sir G. Barclay to Sir Edward Grey.—(Received November 27.)

(No. 490.)

(Telegraphic.) P.

Tehran, November 27, 1910.

IMPERIAL Bank of Persia's proposed loan to Persian Government. Reference to my telegrams Nos. 481 and 482 of the 19th and 22nd November respectively.

Amended contract is now being submitted to Persian Government by bank manager. It will be placed before Medjliss forthwith.

I understand that Medjliss will probably approve proposal, and then bank manager intends to sign, although I have expressed the hope that he will defer concluding matter pending completion of Russian Bank's conversion.

M. Poklewski appears confident that Persian Government will accept terms of conversion if signature of bank's contract is withheld. Nevertheless, I am not sure that even this will prevent delay in Russian Bank's transaction.

On the other hand, pending signature of Imperial Bank's contract, manager cannot make any further advance to Persian Government, and he believes that it would be as suicidal to refuse to sign as it would have been to have withheld firm offer previously.

[43041]

No. 378.

Sir G. Barclay to Sir Edward Grey.—(Received November 27.)

(No. 491.)

(Telegraphic.) R.

Tehran, November 27, 1910.

MY telegram No. 375 of 23rd September: Hormuz oxide.

Strick's contract was signed yesterday by Minister of Mines and Public Works.

I am accordingly sending in caveat in the sense of your telegram No. 207 of 6th July.

[43065]

No. 379.

Mr. Marling to Sir Edward Grey.—(Received November 28.)

(No. 846.)

Sir,

Constantinople, November 22, 1910.

IT may be of interest, in view of the rumours of aggressive Turkish encroachments on the Turco-Persian frontier, to note that His Majesty's vice-consul at Mosul reports that there is no unusual military activity in his district, where no attempt has so far been made to call up the redifs.

Mr. Greig states that no change has taken place during the last three months in the distribution of the 12th Nizamieh Division, whose head-quarters are temporarily at Kerkuk, several battalions and companies being scattered in the country round. There is a cavalry regiment and a nishanji battalion at Mosul, but apparently no artillery.

Mr. Greig learns that there are many desertions in the advanced posts, where the soldiers are extremely discontented owing to their bad housing, feeding, and clothing.

He considers that the roads to Urumia and Tabreez would be passable for troops and artillery even in winter by the Vezneh Pass.

Rifaat Pasha assures me that the statement published in the "Russki Slovoe," and reproduced in the "Times" of the 17th instant, to the effect that the Grand Vizier had written a letter—the alleged text of which appeared in both journals—to Mahmoud Shevket Pasha, pointing out the necessity of increasing the strength of the Turkish troops on the frontier, was absolutely without foundation. His Excellency said he had caused a *démenti* to be published.

I have, &c.

CHARLES M. MARLING.

[43072]

No. 380.

Mr. Marling to Sir Edward Grey.—(Received November 28.)

(No. 853.)

Sir,

Pera, November 23, 1910.

WITH reference to Sir Gerard Lowther's despatch No. 691 of the 26th September last, I have the honour to transmit herewith copy of a despatch from His Majesty's consul at Bussorah giving the explanation, which was called for on your instructions by his Excellency, of his conduct in connection with the incident that took place last April between Sheikh Khazal and the Vali of Bussorah.

I have, &c.

CHARLES M. MARLING.

Enclosure in No. 380.

Consul Crow to Sir G. Lowther.

(No. 63.)

Sir,

Bussorah, October 27, 1910.

I HAVE the honour to acknowledge the receipt of your Excellency's despatch of the 26th September, which reached me to-day, in which you ask me for an explanation of my general treatment of the recent dispute between the Vali of Bussorah and the Sheikh of Mohammerah, and, in particular, of my attitude on two points specified in the second paragraph of that despatch.

My conversation with the val, as reported in my despatch No. 22 of the 23rd April,

occurred on Friday evening, the 22nd April, and it was with no desire to withhold information that I delayed telegraphing till the morning of the 25th April. The vali's remarks did not lead me to believe that he intended to carry out his threat about sending the "Marmaris" to Zein to use force without further consideration. I felt it would have been premature for me to telegraph as a fact what appeared to me as a warning only. Negotiations were still pending between him and the sheikh, and it seemed likely that the matter would be arranged. The "Marmaris" had already been down the river to make enquiries, and returned to Bussorah on the 24th April. As soon, however, as I received information, which was not until early on the 25th April, that the "Marmaris" was again under orders to leave with definite instructions, I sent your Excellency my telegram No. 16 of the 25th April, reporting the substance of my conversation with the vali, and his intention of resorting to force. The Turks attacked Zein at midday on the 25th April, and the news was reported as soon as it reached me in my telegram No. 17 of the 26th April.

I profoundly regret that my conduct has met with the disapproval of His Majesty's Government. I have no personal feeling or interest in the relations between the Turks and the Sheikh of Mohammerah, and, in reporting the opinion I had formed of the latter's dealings with the vilayet, I acted as I thought best for British interests at Bussorah. I am well aware, as the result of eight years' residence and observation here, that the Sheikh of Mohammerah has, during that period, been largely responsible for the chronic disturbances which have occurred on the river and in the vilayet of Bussorah, and which have done so much to hamper our commerce and endanger the lives and property of the inhabitants, among whom are many British and foreign subjects committed to my care. I feel, indeed, I am justified in saying that my opinion on this point is unanimously corroborated by the testimony of English residents, some of whom have known Bussorah for the last thirty years. I do not appeal to native corroboration, but it is a fact that respectable members of the native community hold similar views in regard to the sheikh's sinister influence in this district.

I have reported the facts of these disturbances, as they came to my knowledge during my residence here, to His Majesty's Embassy, and I have in my despatches repeatedly urged that the hands of the Turks should be strengthened in order to enable them to cope with them. It was more with reference to this general opinion, which I had formed of the sheikh's attitude in regard to Turkish authority here, than with any desire to hold him immediately responsible for the occurrences which led to the demonstration at Zein that I remarked in my letter of the 27th April to His Majesty's acting consul at Mohammerah that "my efforts to get the sheikh to co-operate with the Turks to suppress lawlessness had been unavailing and that the day of reckoning seemed to have come," and I said: "I would ask the embassy to press for assistance to be given to the Turks for this end, as I thought the result would be salutary as far as this vilayet was concerned." I used the same language in my despatch No. 23 of the 28th April to the embassy, and merely told Mr. Wilson the views I expressed to the Ambassador. In both papers I spoke of a heavy cumulative record against Mohammerah for river trouble in former years. This statement is the result of information which I have steadily received during the past eight years. I considered it to be well founded and that it was my duty to report it, and in my reports I suggested that the action of the Turks was taken in view of past history. As this treatment of the subject was injudicious, I should have been grateful for a hint from the embassy that I was on the wrong track. I fully admit, however, in the light of the observations of His Majesty's consul-general at Bushire, and in that of the general information subsequent to the event, supplied to me by His Majesty's acting consul at Mohammerah with reference to British interests there, that British interests in the vilayet of Bussorah and British interests at Mohammerah are apt to come into conflict when the sheikh instigates or abets trouble in this vilayet. But I was not made aware till after the Zein incident of the nature and extent of our assurances to the sheikh or how far we were engaged to support him. Had I known this earlier I might have been guided by a more adequate conception of the general situation, and I could no doubt have refrained from expressing in my despatches the opinion I had formed, but I feel it would have been disingenuous on my part to withhold the information I had received as to the sheikh's behaviour unless I had been specially instructed to do so. I trust, however, it is not supposed that I encouraged or approved the action of the Turkish authorities in my dealings with the vali. I did nothing of the sort. The vali's subsequent attitude towards me and his correspondence are, I think, sufficient to allay any such apprehension. My private views in regard to the sheikh's attitude with reference to Bussorah affairs were based entirely on the supposition that it was my duty to protect British trade and

interests in the vilayet to the best of my ability. In so doing I overlooked our paramount interest in upholding the sheikh's influence on the river, of which I was not then aware. I regret this mistake and any inconvenience caused thereby, and I will in future, as regards affairs on the river, be guided by the text of the assurances given to the sheikh, of which a copy is enclosed in your Excellency's despatch.

I have, &c.

F. E. CROW.

[43290]

No. 381.

Imperial Bank of Persia to Foreign Office.—(Received November 28).

Dear Sir,

25, Abchurch Lane, London, November 28, 1910.

I BEG to enclose, for your information, a translation of a telegram received to-day from our Tehran office.

We fully approve of granting the small concession, which we consider quite immaterial.

Yours faithfully,

G. NEWELL, Manager.

Enclosure in No. 381.

Imperial Bank of Persia (Tehran) to the Imperial Bank of Persia (London).

(Telegraphic.)

(Translation.)

Tehran, November 28, 1910.

CONTRACT meets with approval Ministry, and has been submitted to Parliament. If accepted I will close at once quite irrespective of Banque d'Escompte de Perse consolidation terms, of which, as far as we understand, it will not be accepted by Persian Government. Delay means disaster, and we shall be in a very dangerous position. Foreign Office will refer the matter to you. 5th clause (d): In case of need may we substitute three months instead of one month? Think it a reasonable proposal.

[43277]

No. 382.

Sir G. Barclay to Sir Edward Grey.—(Received November 28.)

(No. 492.)

(Telegraphic.) P.

Tehran, November 28, 1910.

IMPERIAL Bank of Persia's proposed loan to Persian Government.

Please refer to my telegram No. 490 of the 27th November.

M. Poklewski appeared to be considerably annoyed when I informed him that the manager of the Imperial Bank intended to sign loan contract when Medjliss had approved it. He stated that priority of Russian conversion had not been waived by his Government, and spoke of sending in an ultimatum to Persian Government in the event of signature of Imperial Bank's loan contract, threatening seizure of customs if conversion was not completed without delay. In reply, I urged him to do nothing before receiving instructions. He told me he would telegraph to St. Petersburg, and you will no doubt be asked by Russian Government to stop bank from concluding contract.

On the other hand, bank manager fears that Persian Government will become suspicious, and again have recourse to Messrs. Seligman if he delays signature.

M. Poklewski apprehends that Persian Government will become altogether intractable with regard to conversion if loan contract is concluded, and I think that this apprehension may in a certain degree be justified.

Russian Minister believed until yesterday that if priority was insisted on conversion would be completed without delay, as there appeared to be only one obstacle, viz., the demand, in event of default, for control of customs, and this he was willing to advise his Government to abandon. Another difficulty has now arisen, however. Objections have been raised by Persian Government to a fixed charge for upkeep of Cossack brigade being included in the conversion scheme.

[43313]

No. 383.

Sir G. Barclay to Sir Edward Grey.—(Received November 28.)

(No. 493.)

(Telegraphic.) P.

Tehran, November 28, 1910.

IMPERIAL Bank of Persia's proposed loan to Persian Government.

In continuation of my telegram No. 492 of the 28th November, I have the honour to report that bank's contract has been approved by Cabinet, and will be laid before Medjliss to-morrow or on the following day.

M. Poklewski informs me that Vekil-ul-Roya led him to believe last night that a formula could be found which would remove difficulty reported in last sentence of my above-mentioned telegram. Final decision regarding conversion would, Vekil-ul-Roya reported, be taken to-morrow by the Cabinet.

[43289]

No. 384.

Sir G. Barclay to Sir Edward Grey.—(Received November 28.)

(No. 494.)

(Telegraphic.) P.

Tehran, November 28, 1910.

SHEIKH of Mohammerah and Bakhtiari.

In continuation of my telegram No. 485 of the 21st November, I have the honour to report that two engagements have taken place between sheikh's army and Farhan. Latter has now retired into Bakhtiari territory, where members of Sardar Assad's section of tribe have afforded him asylum.

In reply to my representations, Sardar Assad declares that Farhan owes no allegiance to Sheikh Kha'zal. On the other hand, Colonel Cox states that tribal allegiance has been rendered to sheikh by Farhan, who is a powerful Arab freelance, for the last three years. His Majesty's consul-general at Bushire further reports that it is to our interest that Farhan should continue to be dependent on sheikh, and that an interminable turmoil in Arabistan, most prejudicial to the interests of oil company and ourselves, will result from asylum granted him by Sardar Assad's adherents.

Bakhtiari action in this matter is, His Majesty's consul-general believes, part of an organised plan to damage authority of sheikh.

In these circumstances, I am again urging Sardar Assad to do nothing that would cause further disturbances, and, on condition that sheikh is prepared for a reconciliation with Farhan, to surrender latter to him.

[43040]

No. 385.

Sir Edward Grey to Sir G. Barclay.

(No. 356.)

(Telegraphic.) P.

Foreign Office, November 28, 1910.

CONVERSION of Persian debt to Russian Bank.

Your telegram No. 490 of the 27th November.

We hoped that delay involved in obtaining approval of Medjliss would prove sufficient for completion of conversion, which we have been assured, on more than one occasion, was only a matter of days. It would be impossible to delay signature of bank's loan contract after approval has been obtained. See my telegram No. 693 of the 18th November to Mr. O'Beirne.

It is clear from Mr. O'Beirne's telegram No. 320 of the 19th November that our difficulty was understood by Acting Minister for Foreign Affairs.

[42806]

No. 386.

Sir Edward Grey to Sir F. Bertie.

(No. 495. Very Secret.)

Sir,

Foreign Office, November 28, 1910.

WITH reference to your Excellency's despatch No. 442 of the 23rd instant, respecting the meeting at Potsdam between German Ministers and Russian Acting Minister for Foreign Affairs, I transmit to you herewith copies of further despatches

from His Majesty's chargé d'affaires at St. Petersburg reporting on the conversations which took place at that meeting on the subject of the situation in the Near East.* Your Excellency should communicate confidentially to M. Pichon the substance of Mr. O'Beirne's despatch No. 446.

I may add, for your own information only, that your Excellency would have received this instruction sooner but that M. Sazonow, in informing Mr. O'Beirne of what had passed on this subject, asked that the information should not be communicated to the French Government until he himself had given it to the French Ambassador at St. Petersburg.

I am, &c.

E. GREY.

[41687]

No. 387.

Sir Edward Grey to Mirza Mehdi Khan.

THE Secretary of State for Foreign Affairs presents his compliments to the Persian Minister, and has the honour to acknowledge the receipt of his communication of the 15th instant on the subject of a proposed loan to the Persian Government.

Sir E. Grey begs to state that, according to information received by him, the Imperial Bank of Persia have been requested to make arrangements for a loan to the Persian Government, and that negotiations are proceeding with a view to effecting this object.

With regard to the proposals of Messrs. Seligman Brothers, Sir E. Grey desires to assure Mehdi Khan that His Majesty's Government have no wish to impede the Persian Government's freedom of action in obtaining a loan on the best possible terms, but that they cannot support any scheme which would seriously prejudice the old-established interests of the Imperial Bank of Persia. They have therefore not opposed Messrs. Seligman's scheme, but have merely informed the firm that in the circumstances they could not lend them their support.

Foreign Office, November 28, 1910.

[43412]

No. 388.

Mr. O'Beirne to Sir Edward Grey.—(Received November 29.)

(No. 458.)

Sir,

St. Petersburg, November 20, 1910.

I CALLED yesterday on the Acting Minister for Foreign Affairs, and handed to him an *aide-memoire*, of which I have the honour to enclose a copy, embodying the information contained in your telegram No. 693 of the 18th instant as to the present position of the Imperial Bank loan question. His Excellency received the communication with more philosophy than he had shown on the occasion of our last conversation on the same subject, reported in my despatch No. 455 of the 16th instant. He remarked that if the Persian Government were sincere in their professions of willingness to effect the conversion of the debts due to the Russian Bank, two months would be more than sufficient for the purpose. But he was afraid that they were really desirous that the negotiations should fall through, and in that case, knowing that they could depend on obtaining the loan from the Imperial Bank after two months, they would show themselves obstructive.

I then read to his Excellency your telegram No. 692 of the 18th instant (with the exception of the last paragraph), explaining the attitude of His Majesty's Government in regard to the loan question, and the policy which they had consistently observed in reference to Russian interests in Persia. In the conversation which followed, I laid particular stress on the indefensible position in which His Majesty's Government would be placed if, while calling upon the Persian Government to restore order in the south, they prevented that Government from obtaining the money which was required for the purpose. M. Sazonow appeared to see the force of this consideration, but remarked that His Majesty's Government were much mistaken if they thought that the money advanced to the Persian Government would really be used to re-establish order. I replied that in that case His Majesty's Government could at any rate defend their action in insisting on the other measure, of which they had given the Persian

* Mr. O'Beirne, No. 446, November 9, and No. 452, November 13, 1910.

Government warning; which they could not do if they had prevented the Persian Government from obtaining a loan.

I asked M. Sazonow whether I might inform you that he appreciated the consistent support which Russia had received in Persia from His Majesty's Government, and his Excellency replied warmly in the affirmative. He said also more than once that he was far from having any wish to create difficulties for His Majesty's Government. He made no allusion to the question of retaining the Russian troops at Kazvin, and I thought it best to let his former reference to that subject altogether drop. I therefore refrained from making any comment upon it in the sense indicated in the concluding paragraph of your telegram No. 692. M. Sazonow mentioned, however, as an amusing circumstance, that he had received several letters from Persians resident at Tabreez, entreating him not to withdraw the Russian detachment from that place, as it constituted the sole protection for life and property.

Reverting to the prospects of the conversion of the Russian Bank debts, M. Sazonow spoke of the hostility of the Persian Minister for Foreign Affairs to Russia as one of the chief obstacles to a successful conclusion of the negotiations. I said that it would be strange if the two representatives could not bring the Persian Government to make a settlement, and I added that if the Russian Minister could suggest any step in which Sir George Barclay might usefully join him in connection with the negotiations, the latter would do so. M. Sazonow remarked that the two representatives might bring "pressure" to bear on the Persian Government, and fearing that his Excellency contemplated steps in which His Majesty's Minister could not join, I did not pursue the subject further. In conclusion, M. Sazonow said that he would ask M. Poklewsky by telegraph whether he had any suggestion to offer.

I have, &c.

HUGH O'BEIRNE.

Enclosure in No. 388.

Aide-mémoire communicated to M. Sazonow by Mr. O'Beirne.

HIS Majesty's Government is informed that unless a contract for the proposed loan is offered to the Persian Government by the Imperial Bank the former will address itself again to outside firms, and that there are more than one such outside firms, including an American house, which are ready to entertain the business. Such a result would be disastrous to the interests of the Imperial Bank. It would also be most embarrassing to His Majesty's Government, and Sir Edward Grey for this reason cannot put pressure upon the Imperial Bank in order to induce them to delay submitting the contract to the Persian Government.

His Majesty's Government is, however, also informed that the signature of the contract will be delayed for two or three weeks, owing to the necessity of its being submitted to the Medjliss; there will after that be a further interval of about two months before the loan can be brought out. No advance of money beyond the sum of 100,000l., to which reference was made in the embassy *aide-mémoire* of the 30th October (12th November), will be made to the Persian Government before the end of the current year, at the earliest. There should thus be ample time for the conversion of the debts due to the Russian Bank to be completed, and, if it is so desired by the Imperial Government, instructions will be sent to Sir George Barclay to exercise his influence in support of the conversion negotiations in every possible way.

St. Petersburg, November 6 (19), 1910.

[43413]

No. 389.

Mr. O'Beirne to Sir Edward Grey.—(Received November 29.)

(No. 459.)

Sir,

St Petersburg, November 20, 1910.

AS I had the honour to inform you by my telegram No. 317 of the 16th instant, the Acting Minister for Foreign Affairs when I saw him on that day did not seem disposed to attach very great importance to the case of violation of the Russian vice-consulate at Kashan by a Persian police officer. While stating that reparation must be exacted, he remarked that as the vice-consul was a Persian, the incident was less serious than it might otherwise have been.

When I spoke to his Excellency on the same subject yesterday I found him evidently in great perplexity. He stated that the matter was a serious one, and that he did not clearly see what action he ought to take. There were several other Russian vice-consulates which had not been recognised by the Persian Government, and their position also was at stake. Russia must, he said, "go to the bitter end" in insisting on reparation. I said to his Excellency that I quite understood the necessity of obtaining reparation. At the same time I suggested that the terms put forward by the Russian Minister were perhaps needlessly severe. To me it seemed rather excessive to demand that the Persian Minister for Foreign Affairs should apologise in person. A similar demand had been made by His Majesty's Government on the occasion of the interference with the British Legation by the Persian Cossacks in June 1908, but that was a very different matter. I also said, as coming from myself, that I supposed that if the Kashan chief of police was dismissed, that would practically dispose of the present incident. M. Sazonow replied that the dismissal of the Governor of Kashan was one of the demands. He added that if as appeared to be the case the demands had actually been put forward by the Russian Minister, they could not now be altered. I called his attention, however, to the fact that M. Poklewsky himself did not seem to consider that the demands had been put forward in a way which would not admit of their being modified.

Turning to the question of what pressure could be put on the Persian Government in order to oblige them to give the satisfaction demanded, M. Sazonow referred to the suggestion that the two representatives might suspend all dealings with the Persian Minister for Foreign Affairs. I said that this suggestion had been brought to your notice, and that it did not much commend itself to you. To sever all communication with the Minister for Foreign Affairs at this moment would lead to a most embarrassing situation. M. Sazonow replied that it would probably lead to the downfall of the Minister, and that that would be an excellent thing. Hussein Kuli Khan was intractably hostile to Russia, and so long as he retained his post nothing could be done. As regards the difficulty of obtaining compliance from the Persian Government with Russian requests of any kind whatever, things were now worse than they had ever been.

M. Sazonow next spoke of M. Poklewsky's suggestion to seize certain of the northern customs. I remarked that that seemed too strong a measure for the case. His Excellency explained that it was not so strong as it might appear, because it would only consist in placing one or two Russian sentries at the customs-houses, without interfering with the Persian administration. Ultimately the Acting Minister for Foreign Affairs stated that he would instruct M. Poklewsky to use the greatest moderation of which the circumstances would permit. I should add that throughout our conversation his Excellency showed every willingness to consider the observations which I offered, and he assured me that the Russian Government had no wish to have any difference with His Majesty's Government in regard to the incident.

I have, &c.

HUGH O'BEIRNE.

[43414]

No. 390.

Mr. O'Beirne to Sir Edward Grey.—(Received November 29.)

(No. 461. Confidential.)

Sir,

St. Petersburg, November 24, 1910.

I RECEIVED a few days ago a letter from M. Sazonow enclosing a memorandum entitled "Russian and German Railway Interests in Persia," and stating that he would like to know what I thought of it. It seems unnecessary to trouble you with a full translation of this memorandum, which is of considerable length, but of which the important parts can be resumed in a few words. It is evidently written by a person interested in the trans-Persian railway scheme who is not aware of the details of what passed at Potsdam, and it is directed towards showing the necessity of proceeding with the scheme before further progress has been made with the Bagdad line. It deals with the question in its relation (1) to the transit trade from Europe to India, and (2) to the north Persian market.

The writer assumes that the construction of the Bagdad Railway as far as Bagdad itself is a matter of some years only, and observes that the German company, by its concession, has the right of building various branches to the Persian frontier, of which

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the most important is the branch from Sadijeh to Khanikin. The Germans realise the immense difficulties of carrying their railway from the point at which it will touch the Persian Gulf forward along the Persian coast towards India. It is natural, therefore, that they should entertain the project of prolonging it via Khanikin either to Tehran and thence to the Baluchistan frontier, or else, as has been recommended by Dr. Gwinner himself, to Ispahan and onwards. Of these two routes the latter is materially shorter, but it also presents greater physical difficulties. Both routes are so far longer than the proposed trans-Persian line via Baku that the transit trade to India would necessarily be monopolised by the latter. The writer argues, however, that if the German line reaches Bagdad before the Baku-Tehran line is built the Germans will prolong their line across Persia via Khanikin, whereas they will have little inducement to do so if they find the shorter transit route already in being.

As regards the north Persian market, the author of the memorandum points out that when the German railway reaches Khanikin the present system of protecting Russian industry by transit dues on European goods coming through Batoum and the Caucasus will cease to be efficacious. For the construction of a branch railway from Adana on the Bagdad Railway to Mersina will establish through railway communication from the Mediterranean to the Persian frontier, and European goods will follow that route instead of arriving through the Caucasus. Therefore, the writer concludes, Russia must resign herself to the prospect of increasing competition from European goods in the north Persian market. Her only resource is, so far as possible, to strengthen her hold on the market beforehand, and for that purpose she should build the Baku-Tehran line as soon as possible.

As you will observe, the memorandum is written throughout on the assumption that the extension of the Bagdad Railway to the Persian frontier (if not beyond it) will be carried out by Germany, and the question is treated as one simply of competition between the future Russian and the future German lines. The matter presents a somewhat different aspect on the supposition that Russia makes good her claim to the Sadijeh-Khanikin branch, and herself constructs the extension of that branch to Tehran. I said to M. Sazonow, when discussing the subject with him on the 22nd instant, that it occurred to me that as soon, at any rate, as the German railway reached Bagdad, Germany would expect Russia to commence the construction of the branch from Sadijeh, and that she would object to the construction of that branch being indefinitely delayed while the line from Baku to Tehran was built. Russia might thus find herself in the position of having simultaneously to build the two lines, which were mutually competitive.

M. Sazonow replied that Germany might dislike the idea of priority being given to the Baku-Tehran line, but that she could do nothing to prevent it because Russia had not bound herself (nor would she do so) to commence the construction of the line from Sadijeh within any specified time. Besides, the construction of that line was necessarily a long way off, whereas the Baku-Tehran line might be built in a very short time. He was informed that the whole trans-Persian line via Tehran could be completed in two years.

M. Sazonow thus seems to contemplate the possibility of Russia's commencing railway construction in north Persia in the immediate future, and no doubt, if his anticipations are realised, the question of priority between the two competing lines could in practice hardly arise. It seems clear, however, that if Russia should remain inactive until the German railway approaches Bagdad, Germany would have good grounds to ask that the extension of the line to the Persian frontier and beyond should be taken in hand at the least simultaneously with the construction of the projected line from Baku.

M. Sazonow made an observation on another point, which may be of importance. The promoters of the trans-Persian scheme now, he said, proposed that the railway should run from Tehran southwards to Ispahan, and thence to Yezd and Kerman. This, he said, would make it comparatively easy for the extension of the German line to intersect the trans-Persian line at Ispahan. He considered it preferable, therefore, that the trans-Persian line should take a south-easterly direction from Tehran towards Kerman, even though it would then traverse the desert. I may mention that M. Sazonow speaks very confidently of the whole scheme, although he is aware, as reported in my despatch No. 380 of the 17th September last, that it may meet with considerable opposition from the British side.

I have, &c.
HUGH O'BEIRNE.

[43394]

No. 391.

Messrs. Ellinger and Co. to Foreign Office.—(Received November 29.)

Sir,

28, Oxford Street, Manchester, November 28, 1910.

WE are in receipt of your letter of the 18th November, giving us Sir G. Barclay's opinion as to the steps that would be necessary to ensure the safety of the two engineers whom we wish to send out to the Persian Gulf.

We are obliged for the offer that His Majesty's consul at Bunder Abbas should show them round if their examination could be made in the course of one morning, and also for the reference to the official geological survey of India. We fear it would be quite impossible to make the examination in the course of one morning. Should we find it necessary we shall ask you later if it would be possible to procure from the central authorities in Persia a recommendation for our engineers to the local headmen.

The reports referred to by His Majesty's Minister as contained in the official geological survey of India were carefully perused by us at the time of publication, but do not contain sufficient detail for the information we now require.

We are, &c.

ELLINGER AND CO.

[43635]

No. 392.

Memorandum communicated by Mr. F. Huth Jackson, November 29, 1910.

M. ALEXANDER ZWEGUINZOFF called on me to-day and explained to me that a Russian consortium had been formed to promote a Persian railway enterprise. The members of this consortium, so far, are the following:—

M. Khomiakoff, ex-president of the Duma.

M. Barek, president of the Volga Kama Bank.

M. Timirasoff, president of the Russian Bank for Foreign Trade, and ex-Minister of Commerce.

M. Patchkovsky, president of the Caucasian Railways Company.

M. Bunge (chairman of the consortium) and M. Polaschkofsky, contracting engineers.

M. Zweguintzoff, member of the Duma.

M. Dumscha and M. Sochansky, engineers who have surveyed the route.

M. Gutchkoff, Mayor of Moscow, and partner in the tea firm of Peter Botkin.

It is also intended to invite two representatives of the cotton industry to join, and these will probably be:—

M. Knoop and M. Morosoff.

A representative of the petroleum industry will also be added.

M. Zweguintzoff left with me the following memorandum, which embodies the agreement which the consortium has made:—

"1. The undersigned have formed by private agreement among themselves, and with the knowledge of the Government, a Russian consortium with the object of effecting a junction of the Russian railway system with the Anglo-Indian railways.

"2. The consortium is formed on the following bases:—

"(1.) The project mentioned in section 1 must be carried out in conjunction with English groups.

"(2.) The negotiations necessary to the object mentioned in the preceding clause are entrusted by the consortium to persons chosen by it.

"(3.) The consortium considers that the best way of carrying out the project is that there should be founded in London an organising company to conduct negotiations with the Governments concerned, to obtain concessions, and to promote investigations.

"(4.) The group thinks that the best route is Baku-Kerman-Nushki, with rights—

"(a.) To arrange for the transit of petroleum.

"(b.) To make a branch line to the Bay of Chaktbar or to some other point on the coast.

"(c.) To construct the necessary ports with also preferential rights to some other

branch lines, including lines to Enzeli and to Tehran if the main line avoids those places. The main line and the branch line to the sea must be secured from being crossed by other railways or from being connected with them. The transit rates must be fixed on equal conditions for Russian and for British goods. The arrangements for through traffic (passengers and goods) must be fixed by special agreement with the other railways concerned.

"(5.) The participation of Russians and of Englishmen must be equal. The measure of participation of Frenchmen, Persians, and other foreign groups must be fixed by agreement with these groups, securing a corresponding portion of orders to those factories within the limits of Russia in which the corresponding group is interested.

"(6.) The undersigned enter into agreement with rights of promoters, independent of their possible participation as representatives of various firms. The promoters are entitled, without payment, to promoters' shares, both in the organising company (section 2, article 3) and in the Persian Through Railway Company, and in any auxiliary organisation which may be founded to support it. These shares participate in the profits only in case the latter are sufficient to pay a dividend of 6 per cent. on all shares of the company. After this 6 per cent. has been paid there will be paid from the surplus $\frac{1}{2}$ per cent. on each promoter's share.

"(7.) The number of promoters' shares is fixed at twenty. The promoters are entitled to co-opt new members by a special resolution, in each case accepted by not less than three-fourths of the votes of all the promoters. Shares not assigned at the time of the foundation of the organising company shall be destroyed.

"(8.) To meet all expenses connected with the formation of the organising company, e.g., the drawing up, transcribing, and pointing of materials and business memoranda, travelling, and other expenses in the conduct of negotiations, is formed a special fund of not more than 20,000 roubles, which must be returned to the contributors when the above-named company is formed.

"Approving of the above agreement, the undersigned, meeting on the 22nd June (5th July), 1910, in St. Petersburg, resolved to form a Russian consortium, and unanimously elected as its director A. A. Bunge."

The discussion between us was of a desultory character, and, as far as I was concerned, I confined myself mainly to asking questions. The only statement I made was that it must be distinctly understood that my position in this and any other conversations that might take place was for the present only that of an interrogator for the purpose of advising the Foreign Office later on as to whether, in my opinion, the financial possibilities of the scheme were sufficiently attractive to warrant an English group being formed for the purpose of raising a portion of the capital necessary to build the railway.

M. Zwegintzoff positively stated that any arrangement that was made must be on the basis of an equal participation of Russian and British interests, which must under all circumstances retain a predominating influence over the concern. French and Belgian capital would undoubtedly be invited to co-operate, and he seemed to think that the participation of German capital would also be desirable.

He evidently anticipates considerable difficulty in obtaining the necessary concessions from the Persian Government. An application for the concessions must, in his opinion, be made on behalf of the railway company as a private corporation, backed by the support of the Russian and British Governments, and the success of this application will probably depend upon the amount of financial benefit (in one form or another) that the Persian Government is going to get for the granting of the concessions.

M. Timiraseff is expected to arrive in London on Thursday morning. He knows more of the financial particulars of the proposal, while M. Zwegintzoff has concerned himself more with the political side. I have agreed to meet M. Timiraseff either on Friday or Tuesday next, and have suggested that M. Zwegintzoff should accompany M. Timiraseff to my office when he comes.

12, Tokenhouse Yard, London,
November 29, 1910.

[43437]

No. 393.

Sir G. Barclay to Sir Edward Grey.—(Received November 29.)

(No. 495.)

(Telegraphic.) P.

Tehran, November 29, 1910.

SHEIKH of Mohammerah and Bakhtiari.

In continuation of my telegram No. 494 of the 29th November, I have the honour to report that Sardar Assad continues to assert that Farhan owes no allegiance to sheikh.

On this ground he refuses to order his surrender. There is however no likelihood I gather of Farhan being supported actively by Bakhtiari.

[43455]

No. 394.

Sir G. Barclay to Sir Edward Grey.—(Received November 30.)

(No. 209.)

Sir,

Tehran, November 12, 1910.

I HAVE the honour to transmit copy of a despatch addressed to the Government of India by His Majesty's consul-general at Bushire, respecting a proposal of the Anglo-Persian Oil Company to bore for oil in the territories of the Sheikh of Mohammerah.

From the correspondence enclosed in Colonel Cox's despatch you will see that the oil company claims the right under article 1 of its concession to prospect for oil anywhere within the provinces covered by the concession without asking leave or paying rent to anyone, and that it is not prepared to make any payment to the Sheikh of Mohammerah for the right to prospect for oil on his lands, and, moreover, even if oil is found, the company maintains that the sheikh is not properly entitled to any share in the profits though the company might be willing to make him some gratuitous payment.

There is no doubt something to be said for the company's view of the legal aspect of the case, but I concur with Colonel Cox and Lieutenant Wilson in thinking that it would be in the company's best interest to treat the sheikh in this matter in such manner as to keep him as favourably disposed towards the company as he has shown himself in the past.

I have, &c.

(In the absence of the Minister)
LANCELOT OLIPHANT.

Enclosure 1 in No. 394.

Lieutenant-Colonel Cox to the Government of India.

Sir,

Bushire, October 2, 1910.

I HAVE the honour to refer to my telegram of the 10th June, 1910, reporting the intention of the Anglo-Persian Oil Company to commence boring for oil in the territory of the Sheikh of Mohammerah, and to forward, for the information of the Government of India, copies of correspondence which has since passed on the subject between His Majesty's acting consul at Mohammerah and the agents of the company, received under cover of Lieutenant Wilson's two reports.

2. It will be seen from the papers that the oil company, feeling that they have been too complacent and too freely bled in their dealings in the past with the Bakhtiaris, and being disinclined to repeat the experience, express their intention to proceed on different lines in future, and to rely more on a strict interpretation and enforcement of their rights under the original D'Arcy concession in any further negotiations which they may require to embark upon with the Sheikh of Mohammerah.

Lieutenant Wilson, in taking note of their intentions, expresses the view, on the grounds explained by him, that the pursuance of a too rigid policy with the Sheikh of Mohammerah is likely to be beset by more difficulties than the company have perhaps fully realised, and advises them to shape their contemplated negotiations on more liberal and elastic lines.

[1761]

With this view I generally concur. The company, whatever may be their strict rights under their original concession, have to reckon with an impotent Government at Tehran and the practical situation in Arabistan, and I have no doubt myself that it will prove more profitable for them in the long run to carry the sheikh with them in their enterprise than to endeavour, so far as his territory is concerned, to pursue any policy in spite of him.

3. The particular points raised by the correspondence, namely, (1) the preclusive nature of the sheikh's rights under his firmans, (2) the bearing of the original D'Arcy concession upon those rights, (3) the question whether the sheikh's lands in which the company may wish to operate are "State lands" or "other lands" under article 3 of that concession, will doubtless be examined when the time comes by the legal advisers to His Majesty's Government. For the present they are not in practical issue, and there seems therefore no object in my discussing them at length.

I should not omit to remark, however, that I do not know on what Mr. Black is relying when he writes in his letter of the 25th August "the political resident in the Persian Gulf is fully aware of the point that the sheikh possesses no mineral rights," nor is it the case that the Sheikh of Mohammerah made any such admission in the same connection as that with which he is credited in Mr. Black's later letter of the 26th August. As he had not his firmans with him at the time, and had a very hazy idea of their precise wording and details, it is obviously unlikely that he would have volunteered such a gratuitous admission, whether it were a fact or not.

4. In conclusion, I beg reference to Lieutenant Wilson's letter of the 27th August to my address, paragraph 4, and would observe that Deh Mulla and Hindian being within a few miles of one another on the same river bank, and under the same headman, it would be natural to regard them as one place, the other place referred to being "the lands east of the Karun" a long way off.

A copy of this communication is being forwarded to His Majesty's Minister, Tehran, for information.

I have, &c.
P. Z. COX,
Political Resident, Persian Gulf.

Enclosure 2 in No. 394.

Lieutenant Wilson to Lieutenant-Colonel Cox.

Sir,
I HAVE the honour to forward copies of correspondence on the subject of the proposal of the Anglo-Persian Oil Company to commence boring for oil in the territories of the Sheikh of Mohammerah at Ahwaz.

I have, &c.
A. T. WILSON,
Acting Consul.

Enclosure 3 in No. 394.

Lieutenant Wilson to Mr. Black.

Dear Black,
Mohammerah, June 16, 1910.
WITH reference to the proposed commencement of drilling by you in the sheikh's territories near Ahwaz, I have discussed the question with Colonel Cox at Bushire.

I think it desirable that before you take any active steps you should write to me officially stating precisely what your proposals are, and on what lines you desire to conclude an agreement, bearing in mind that the sheikh is fully cognisant of the terms of the Bakhtiari agreement of 1905, and is at present quite alive to the fact that they have got 5,000*l.* and about 3,000*l.* a-year by bluffing you and persistently opposing your work, whereas he has got 650*l.* a-year only by helping you and doing all that is possible to prevent your work being hampered.

Yours sincerely,
A. T. WILSON.

Enclosure 4 in No. 394.

Mr. Black to Lieutenant Wilson.

Sir,

Mohammerah, July 13, 1910.
WE have the honour to refer to your demi-official letter to Mr. Black of the 16th ultimo, and to inform you, in reply thereto, that we propose some time this year, we cannot yet definitely say when, to erect one derrick with rig, with steam boiler and engine, and most probably a workshop for tools and spares, at a spot which we will in due course select in the Ahwaz hills. There we will put down an experimental bore-hole with the object of discovering whether there is any oil in that locality.

We hold that we are entitled to carry out the above indicated experimental works by virtue of the rights given us under this company's concession from the Persian Government without making any lease or agreement at all with the Sheikh of Mohammerah. Our work will of necessity be carried out on uncultivated ground, and will interfere with nobody.

With regard to your verbal suggestion that we should agree to give the sheikh the 3 per cent. of the ordinary shares of any company which may be formed to produce oil hereafter as a result of the above experimental work, we are in consultation with our directors with cable, and will advise you of their views in due course. Our belief is that our directors will readily agree to such a proposal.

We have, &c.

(For Lloyd, Scott, and Co. (Limited),
Managing Agents),
JOHN BLACK, *Manager.*

Enclosure 5 in No. 394.

Lieutenant Wilson to Sir G. Barclay.

(No. 75.)

Sir,

Mohammerah, August 27, 1910.
I HAVE the honour to forward herewith copies of correspondence on the subject of a proposal by the oil company to bore for oil at Ahwaz, in the territories of the Sheikh of Mohammerah, and in this connection would invite reference to Colonel Cox's telegram No. 182 of the 10th June to your address.

2. The translations of the firmans, to which reference is made, were forwarded to you by the Political Resident in the Persian Gulf, under his letter of the 26th June, and also to the Foreign Office.

I have, &c.
A. T. WILSON,
Acting Consul.

Enclosure 6 in No. 394.

Lieutenant Wilson to Lieutenant-Colonel Cox.

Sir,

Mohammerah, August 27, 1910.
I HAVE the honour to refer to the correspondence, ending with my letter of the 16th July, regarding the proposal of the oil company to bore for oil at Ahwaz.

2. I forward herewith further correspondence on the subject.

3. I judged it necessary to explain the position of the sheikh in some detail to the company in order to put the case clearly before them, but I have, I trust, said no more than was necessary for this purpose. I did not think it necessary at this stage to refer to the clause in the first firman (p. 6, lines 18-20 of print), which provides that "should any of the lands be ever required for the Government, they should pay a reasonable price to the Sardar Arfa and then take possession thereof." This clause (which does not appear in the second firman) will be useful when negotiating with the sheikh.

4. I may also draw attention to the fact, perhaps without significance, that the second firman mentions Deh Mulla, Hindian, and the lands east of the Karun, but the covering letter only mentions two places.

5. Unforeseen delays have occurred in obtaining the plant for the Ahwaz works, and the question is not, therefore, a matter of immediate urgency, as was at first represented.

6. As it seems possible that references may be made to His Majesty's legation from His Majesty's Foreign Office in regard to this matter, I am sending a copy of this letter, with all its enclosures, to His Majesty's Minister, Tehran.

I have, &c.

A. T. WILSON,
Acting Consul.

Enclosure 7 in No. 394.

Anglo-Persian Oil Company to Lieutenant Wilson.

Mohammerah, August 25, 1910.

WE have the honour to place before you, for information, the following extract from a letter received by us from our managing director:—

"You have asked by wire this week if you may promise the sheikh 3 per cent. in ordinary shares of any company formed to work oil at Ahwaz. I have not had the opportunity of bringing the latter before my board, but in the meantime I may prognosticate that the answer will be certainly not. We do not want to incur the obligation of forming another company, nor would a percentage basis be workable in any other form."

It is pointed out to us that the Resident is fully aware of the point that the sheikh has no mineral rights, and though the company will give an undertaking to pay for the surface value of the land taken up in the same way as in the Bakhtiari country, there is no intention of paying anything further. We are advised that, if any difficulties or obstructions are placed in the way of our drilling at Ahwaz, the company will, through the British Minister at Tehran, call upon the Persian Government to put us in possession under the terms of our concession, and, if they fail to do so, to claim damages. The company's intention is to firmly resist any further attempt at extortion similar to that which we have been subjected to in the case of the Bakhtiaris, and to henceforth deal, as far as possible, strictly on the lines of the terms of the concession. Little concessions may occasionally have to be made in order to secure the good-will of the sheikh and others, but, in regard to the sheikh, the company considers it has already gone a long way in this respect.

(For Lloyd, Scott, and Co., Limited),
JOHN BLACK, Manager.

Enclosure 8 in No. 394.

Lieutenant Wilson to Messrs. Lloyd, Scott, and Co.

Mohammerah, August 26, 1910.

WITH reference to your letter of the 25th instant in regard to your proposal to bore for oil at Ahwaz, before taking the matter further I should like to be informed whether, when your directors wrote the letter of which you are good enough to give me extracts, they had before them the undertaking given verbally to the sheikh by your Mr. Lloyd last year, and which, I understood at the time, to indicate that the company were prepared to treat with him on much the same basis as the Bakhtiari, quite independently of the surface rights question.

I forward a copy of the official record of the understanding on this matter, in case you have not seen it.

I am, &c.
A. T. WILSON.

Enclosure 9 in No. 394.

Notes on the Details of the Anglo-Persian Oil Company's Agreement with the Sheikh of Mohammerah, dated July 16, 1910.

Article 13.—This article differs somewhat from the company's draft. It was thought best to specify what treasure-trove did cover, and not to put ideas into the sheikh's head by stating what it did not cover. He himself raised the question of the possible finding of oil in his limits. The rights of the company in this eventuality were explained to him, but he was given to understand verbally by the company's agents that in the event of separate springs of oil being tapped within his limits, the company would be inclined to come to some friendly arrangement with him.

Enclosure 10 in No. 394.

Messrs. Lloyd, Scott, and Co. to Lieutenant Wilson.

Mohammerah, August 26, 1910.

WE have the honour to advise you, in reference to your letter of to-day's date, that, when we cabled to London regarding the issue to his Excellency the Sheikh of Mohammerah of 3 per cent. of the ordinary shares of any company which might be formed to produce oil at Ahwaz, we had before us the notes made by the Political Resident in the Persian Gulf at the time an agreement with the sheikh was being drawn up, an extract from which is attached to your letter under acknowledgment.

Further, in replying to us, as per extract and remarks submitted to you yesterday, our managing director had a copy of these notes before him also.

Our understanding of the note on article 13 of the agreement is that it was carefully explained at the time by the Political Resident to his Excellency the sheikh that, although he had no mineral rights whatever under his firman from the Persian Government, which held against the company's concession, still the company might be willing to make him some gratuitous payment in the event of oil being tapped in Arabistan.

This has, however, nothing to do with the prospecting and drilling work we propose to undertake at Ahwaz. His Excellency the Sheikh would probably bring the matter up, in the event of oil being found as a result of our operations at Ahwaz, and in such case we would be pleased to ask our directors for their instructions in the matter.

We think it very improbable that the directors will again submit to the extortionate robbery they had of necessity to suffer at the hands of the Bakhtiaris.

(For Lloyd, Scott, and Co., Limited),
JOHN BLACK, Manager.

Enclosure 11 in No. 394.

Lieutenant Wilson to Anglo-Persian Oil Company.

Gentlemen,

Mohammerah, August 27, 1910.

I HAVE to acknowledge receipt of your letters of the 25th and 26th August regarding your proposal to bore for oil at Ahwaz.

2. I gather that your company claims that it has the right under article 1 of its concession to prospect for oil anywhere within the provinces covered by the concession without asking leave or paying rent to anyone, the provisions of article 3 being held to apply only to article 2, and that, in consequence, your company is not prepared to make any payment to the Sheikh of Mohammerah for the right to prospect oil in his lands.

3. It further appears that your company, whilst prepared to compensate for the surface value of the land taken up, is not prepared to pay the sheikh anything further, though it might be willing to make him some gratuitous payment in the event of oil being tapped in his lands, with the proviso, presumably, that it is tapped in paying quantities.

[1761]

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The proposal to interest the sheikh financially in the prosperity of the concern, were oil to be tapped and worked, by giving him 3 per cent. of the ordinary shares of any company formed to work oil in the territory under his control is not accepted by the directors, it not being intended to form a special company. I gather that your directors would be equally averse to any other scheme whereby the sheikh would receive a payment of any kind calculated on the profits to be derived from the oil-wells at Ahwaz, as they decline to recognise that he has any rights in the minerals in or below the lands.

4. The sheikh owns these lands in virtue of firmans granted by Muzaffar-ud-Din Shah in the month of Shawal 1320 (January 1903). One firman, which relates to the Karun lands (which in common parlance include Ahwaz), grants the said lands to him and to his tribes in perpetuity; it prohibits him and his tribes from transferring or selling the lands to foreigners, and "permits and empowers them to exercise in the said lands the possessory rights of ownership of every kind."

A further firman of the same date grants to the sheikh personally, among other lands, "the districts to the east of the Karun" (no mention being made of the tribes of the sheikh) on the same conditions as the lands above referred to.

5. These firmans were obtained as a *quid pro quo* in exchange for the surrender of valuable privileges enjoyed by the sheikh previous to 1903. They grant to him in the most definite way the complete ownership of the land, and he may fairly point out, if his claim to mineral rights be contested, that he paid a heavy price for the firman, and that his rights must be respected. I may remark that when the agreement was being discussed in June and July 1909 the sheikh was not aware of the precise wording of his firman, and beyond a general recollection that it gave him complete rights over the lands, could give us no information as to its scope. It was only early in this year that the original firmans were brought out by the sheikh and scrutinised by him with the assistance of Haji Rais, true copies being taken for the use of His Majesty's Government.

6. On the other hand, your directors may with equal truth say that they have paid a heavy price for their concession, and expect to be put in possession of their rights, and to be compensated if they have to purchase from others the mineral and other rights for which they paid the Persian Government in 1901.

7. The date of Mr. D'Arcy's concession is 1901, two years previous to that of the sheikh's firman, and it may therefore reasonably be urged that the Persian Government had no right or power to give to the sheikh exclusive and complete rights of ownership over the said lands. But the sheikh may reply that the Persian Government had no right in the first place to give the company mineral rights in his lands, which were never in the gift of the Persian Government, and this contention would gain force from the fact that it is admitted in the first firman that the Karun lands have been in the possession of the forefathers of the present sheikh and his tribes.

8. The position is a difficult one, and in approaching it I would remind you that my object in advocating an arrangement whereby the sheikh would be financially interested in the prosperity of the oil-wells at Ahwaz, if worked, was to secure the co-operation of the local authorities with the company in the future as well as for the present.

The Government of this country shows no tendency to centralise itself at Tehran or to become stronger relatively to the local authorities, and it is, in my opinion, important that the company should not have to rely on pressure from Tehran for the accomplishment of its aims.

That it has been able to push forward its works in Arabistan unhampered by the slightest local opposition, untroubled with theft or robbery, and in friendly co-operation with the local authorities, is due to the fact that we have hitherto made our arrangements with the sheikh locally in an amicable manner, and not threatened him with the wrath of the central Government at Tehran, to which he is less inclined to defer than formerly, in view of the present state of affairs there.

9. I think that it is possible that an arrangement may be come to whereby the sheikh should receive from the company an annual rental per acre for the ground taken up for the purposes of boring and exploitation. This rental would no doubt be in excess of the value of the land for agricultural purposes, but in this way the question of mineral rights might be avoided.

Whether it will be possible to induce the sheikh to forgo his rents during the period of prospecting remains to be seen. I will do my best in the matter.

10. I have, I trust, shown that the claims of the sheikh are in no way factitious, but worthy of careful consideration, in view of his exceptional position in Arabistan,

and that it is in the interests of your company to approach the question in a conciliatory spirit, recognising that the question has two sides, and that whatever we may think of the conduct of the Persian Government in granting exclusive rights to one party subsequent to having parted with certain rights to another party, we cannot blame the sheikh for seeking to get that which his firman entitles him to, and for which he has paid a heavy price.

11. I am quite prepared to enter on negotiations and to do my utmost to arrange a satisfactory settlement, but I think that a more liberal arrangement than that adumbrated by the directors may be necessary in view of all the facts.

I hope to deal in a separate letter with the position of the Persian Government *vis-à-vis* the company in regard to the apparently somewhat illusory rights granted to the company by articles 3 and 4 of Mr. D'Arcy's concession.

I am, &c.

A. T. WILSON,
Acting Consul.

[43534]

No. 395.

Mr. O'Beirne to Sir Edward Grey.—(Received November 30.)

(No. 325.)

(Telegraphic.) P.

St. Petersburg, November 30, 1910.

LOAN to Persian Government by Imperial Bank.

The Russian Minister at Tehran has sent to M. Sazonow a somewhat irate telegram, which his Excellency read to me to-day, stating that in his opinion the chances of the Persian Government's debts to the Russian Bank being converted will be damaged if the Imperial Bank manager at Tehran signs the loan contract as soon as the Medjliss has approved it. I said to the Minister for Foreign Affairs that it was now impossible for the Imperial Bank to make any delay in signing the contract, but that the loan would not be brought out until some two months hence, and that His Majesty's Government hoped that the Russian conversion scheme could be carried through by that time. This statement seemed to satisfy his Excellency.

Please regard the following as Confidential:—

M. Poklewsky's views are not adopted without reserve by M. Sazonow, who realises that the Russian Minister is in an irritable condition.

[43673]

No. 396.

Mr. F. C. Strick to Foreign Office.—(Received December 1.)

Baltic House, Leadenhall Street, London,
November 29, 1910.

Sir,

I HAVE the pleasure to inform you that I received a cable from Mr. David Brown, of Tehran, yesterday, advising me that the contract between my firm and the Persian Government for the monopoly of the oxide to be shipped from the above island for the next five years has been signed.

To-day I have received the following cable from my agents at Bushire, viz. :—

"The latest news we have is Muin-ut-Tujjar is trying to obtain concession Ormuz Island back. Muin-ut-Tujjar has appealed Persian Government. Muin-ut-Tujjar spares no expense. General opinion is will be a success. If it is possible, we will endeavour put every obstruction in the way. Expenses will be about minimum 150L. Please send instructions forthwith."

And, although I do not attach much importance to it, yet I thought its contents might interest you.

I have, &c.

FRANK C. STRICK.

[43617]

No. 397.

India Office to Foreign Office.—(Received December 1.)

Sir,

India Office, November 30, 1910.

I AM directed by the Earl of Crewe to acknowledge the receipt of your letter of the 22nd November, respecting the request of the Persian Minister of Posts and Telegraphs for a loan of an inspector from the Indo-European Telegraph Department to effect urgent temporary repairs on the Arabistan telegraph lines.

In reply, I am to forward herewith an extract from a note by the Director-in-chief, Indo-European Telegraph Department, on the subject, and to state that he has been instructed to arrange that an inspector from his department should be lent as proposed, subject to the Director of Telegraphs, Tehran, obtaining, previous to the arrangement being carried out, a written declaration from the Persian Minister of Telegraphs that he recognises fully that the assistance asked for, and given, in no way alters the position with regard to the ratification of the Arabistan Convention.

I am, &c.
R. RITCHIE.

Enclosure 1 in No. 397.

Extract from Report by the Director-in-chief, Indo-European Telegraph Department, dated November 21, 1910.

I ATTACH a copy of a telegram I have received to-day from the Director of Telegraphs at Tehran. The loan of the services of an inspector as asked for by the Persian Minister of Telegraphs can be arranged. The proposed expenditure, to be borne by the Persian Telegraph Administration, is some 20,000 krans, which is equivalent to 5,333 rupees (355*l.*) approximately. This amount, owing to the very bad state of the Arabistan telegraph lines, will not do more than patch them up temporarily. It will be seen that both the British Minister at Tehran and the Director consider it would be politic to comply with the request of the Persian Minister of Telegraphs, subject to the condition that it is made clear that the assistance given will not involve any change in our claims to have the Arabistan Convention ratified. I agree with this view of the case.

Enclosure 2 in No. 397.

Director, Persian Section, to the Director-in-chief, Indo-European Telegraph Department.

(Telegraphic.)

Tehran, November 20, 1910.

PERSIAN Minister of Telegraphs asks loan of services of an inspector to effect urgent temporary repair, at a cost of about 20,000 krans, to Arabistan telegraph lines. Inspector's salary, travelling expenses, &c., will be entirely borne by Persian Telegraph Administration. British Minister agrees with me it will be politic comply with request, making it clear that this in no case involves waiving our agreement, which still awaits ratification.

[43692]

No. 398.

Sir G. Barclay to Sir Edward Grey.—(Received December 1.)

(No. 496.)

(Telegraphic.) R.

Tehran, December 1, 1910.

MINISTER for Foreign Affairs called on Russian Minister in uniform to-day and tendered apology.

His Excellency preferred this form of reparation to salute at Kashan, which he thought might occasion disturbances.

Chief of police has been recalled from Kashan, and Russian Minister is fully satisfied.

[43689]

No. 399.

Mr. O'Beirne to Sir Edward Grey.—(Received December 1.)

(No. 326.)

(Telegraphic.) P.

St. Petersburg, December 1, 1910.

PLEASE refer to Tehran telegram No. 488 of the 27th ultimo: Violation of Russian consular agent's house at Kashan.

I am informed by M. Sazonow that the instructions sent by him to M. Poklewsky are as follows: He is to insist on the flag over the house in question being saluted, and if pressure is needed it is to be applied in the manner indicated in my telegram No. 322 of the 22nd ultimo.

[43617]

No. 400.

Sir Edward Grey to Sir G. Barclay.

(No. 357.)

(Telegraphic.) P.

Foreign Office, December 1, 1910.

ARABISTAN telegraph lines.

See your telegram No. 484 of the 20th November.

Your recommendations as to repairs are approved, and instructions have been sent accordingly.

[43813]

No. 401.

Sir F. Bertie to Sir Edward Grey.—(Received December 3.)

(No. 452. Secret.)

Sir,

Paris, December 2, 1910.

I HAD an opportunity yesterday of carrying out the instructions contained in your despatch No. 495, Very Secret, of the 28th ultimo, in regard to the Potsdam interviews. M. Pichon told me that he would communicate to me any further information that reached him respecting them. He had, he said, just had some conversation on the subject with M. Nekludoff, the Russian chargé d'affaires. His Excellency had expressed to him surprise and regret at M. Sazonow having embarked on negotiations with the German Government regarding the Bagdad Railway without previous consultation with the French Government. It had been agreed that negotiations on that question should be between the four Governments concerned, and M. Sazonow had treated the matter with the German Government only. M. Pichon considered that it would have been more in accordance with the relations between Russia, France, and England if M. Sazonow had made visits to Paris and London to consult the French and British Governments before committing himself in negotiations at Berlin. M. Nekludoff, though personally regretting that M. Sazonow had found himself under the necessity of negotiating with the German Government without previous consultation with the French and British Governments, contended that only a subsidiary matter connected with the Bagdad Railway had been discussed, viz., its connection with Khanikin, and questions concerning the Russian sphere of interest in Persia. M. Pichon observed to M. Nekludoff that he quite appreciated the desire of M. Sazonow to improve the relations between Russia and Germany, and he accepted the assurances given that the Potsdam interviews had in no way altered the relations of Russia towards France and England. Nevertheless, he regretted that M. Sazonow had entered on the work of his office by separate negotiations at Berlin.

I have, &c.

FRANCIS BERTIE.

[1761]

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[44034]

No. 402.

Mr. Marling to Sir Edward Grey.—(Received December 5.)(No. 867.)
Sir,*Constantinople, November 29, 1910.*

WITH reference to the information received from His Majesty's consul-general at Bagdad, and conveyed to you in my telegram No. 254 of the 25th November, that a party of twenty Turkish soldiers, including an officer, had reached Kasr-i-Shirin on the way to Kermanshah, I have the honour to report that the Minister for Foreign Affairs informed me yesterday that these men were intended to form the escort for the Ottoman Consulate at the latter town, of which he had spoken to Sir G. Lowther a few weeks ago. Rifaat Pasha said that a similar escort was being sent to Saouj Boulak, and added that there was an intention of appointing a consul *de carrière* at Hamadan, where the Turkish commercial community was clamouring for a regular representative instead of the present honorary consular agent.

I asked his Excellency what truth there was in the numerous newspaper assertions that serious conflicts had taken place at Boulak Bashi and near Salmas. Rifaat Pasha replied that as regards the former, a block-house erected with the object of preventing the passage of brigands from Persia had been attacked by the Khan of Maku's people, who had been easily beaten off; there was no village there, and Boulak Bashi had been selected merely because it commanded a pass much frequented by marauders; it had been used by Turkish troops for a similar purpose in the past—he could not say exactly when—as the traces of Turkish tents could still be easily recognised. I enclose a further despatch from Mr. McGregor on this subject.

The accounts of the fighting at Salmas, his Excellency went on to say, had been grossly exaggerated. It had been nothing but a skirmish with brigands, and the strictest orders had been sent to the Turkish officers on the spot not to advance beyond the "contested zone."

I have, &c.

CHARLES M. MARLING.

Enclosure in No. 402.

Consul McGregor to Mr. Marling.

(No. 93. Confidential.)

Sir,

Erzeroum, November 15, 1910.

WITH reference to my despatch No. 86, Confidential, of the 29th ultimo, I have the honour to report to your Excellency that on the 4th instant the barracks recently erected at Bulak Bashi were ceremoniously inaugurated in presence of the authorities of Bayazid, the significance of the function being emphasised by the attendance of deputations from the surrounding villages to testify to the gratitude of the inhabitants for this new guarantee of order and security.

A conversation which I had recently with the Vali of Erzeroum left on my mind the impression that the process of absorption in the region of Maku may be expected to continue, and his Excellency also hinted broadly that in his opinion the day would eventually come when his Government would turn its attention to the neighbourhood of Ahwaz and Mohammerah, where Turkey had too long neglected to assert her sovereign rights.

Legal right is, however, no longer exclusively alleged in justification of the Turkish attitude, for his Excellency spontaneously admitted that in the district of Urumia the Imperial troops were holding many points in Persian territory, and added that the Persian Government was fortunately not in a position to do more than protest against a policy which the continued presence of Russian troops in Azerbaijan rendered imperative in the interests of the Ottoman Empire.

A report having appeared in a local Armenian journal to the effect that the Turkish military authorities on the Van frontier had approached a Kurdish brigand named Nikhta with the suggestion that he should oust the Persians from Kotor, on condition of being appointed governor of that district for life, I enquired of the vali whether the paragraph had been brought to his notice, whereupon his Excellency replied that he had not heard of any Turkish activity in that direction.

I learn, however, that the Turkish consul at Urumia has applied for an increased escort, and the fact that, as was reported to your Excellency by Mr. Safrastian, acting

vice-consul at Bitlis, in his telegram of the 6th instant, the artillery has been removed from Bitlis to Van would seem to indicate that further developments in that quarter may be anticipated.

I have, &c.

P. J. C. MCGREGOR.

[43989]

No. 403.

Mr. O'Beirne to Sir Edward Grey.—(Received December 5.)

(No. 471.)

Sir,

St. Petersburg, December 1, 1910.

WITH reference to my despatch No. 458 of the 20th ultimo, I have the honour to state that I called on the Minister of Foreign Affairs yesterday, and he read to me a telegram which he had received from the Russian Minister in Tehran referring to the intention of the manager of the Imperial Bank to sign the contract for the proposed issue of a 5 per cent. loan as soon as it should have been approved by the Medjliss. M. Poklewsky's telegram was written in a tone of considerable annoyance. He stated that the proceeding contemplated by the bank was contrary to the assurances which had been given by His Majesty's Government regarding the priority of the conversion of the debts due to the Russian Bank, and that it would damage the chances of the conversion being carried through.

I explained to M. Sazonow that once the Imperial Bank had, as he was aware that they had done, submitted the loan contract to the Persian Government, they could not delay signing it when called upon by the Persian Government to do so, but that some two months would elapse before the loan could be realised, and that His Majesty's Government believed and trusted that the conversion of the Russian Bank debt would be effected in the meantime. M. Sazonow expressed himself as satisfied, and remarked that he understood that the cash accruing to the Persian Government through the proposed loan would not be paid over to them in full until the end of the year (old style). His Excellency did not conceal from me that he regarded M. Poklewsky as suffering from extreme irritability, and intimated that it might be desirable that the Minister should come to Russia on leave of absence.

M. Sazonow did not seem to be acquainted with the details of the negotiations for the conversion of the Russian Bank debt, but I gathered from an official of the Ministry of Foreign Affairs that the present position of the matter was as follows: The Persian Government desired that the Russian Government should abandon a stipulation which they had put forward in their draft conversion scheme, giving them the right to assume control of the northern customs in case of default in payment of the instalments. In lieu of this stipulation, the Persian Government propose to assign the mint profits as supplementary security for the loan, and their proposal had been submitted to the consideration of the Russian Finance Minister. The other outstanding points in connection with the conversion scheme were not expected to present any serious difficulty.

I have, &c.

HUGH O'BEIRNE.

[43970]

No. 404.

Sir E. Goschen to Sir Edward Grey.—(Received December 5.)

(No. 342.)

Sir,

Berlin, December 2, 1910.

THE "Münchener Neueste Nachrichten" hails with satisfaction the announcement emanating from official quarters in Russia to the effect that the contemplated railway system in North Persia would be connected with the Bagdad line by a branch from Tehran to Hanekin. It remarks that Herr von Kiderlen has obtained more than was to be expected, seeing that this Russo-German railway agreement, which would open the way for Russia to the Persian Gulf and give Germany access to the markets of Northern Persia, represented a severe blow to British diplomacy. Under this arrangement Russia and Germany would be the only two Powers having direct connection by railway with Northern and Western Persia. Great Britain, who had done so much for Russia, would have to content herself with the somewhat lengthy and unpractical line from Baku to Nuschki.

The "Münchener Neueste Nachrichten" remarks that good results are to be hoped for from Russo-German co-operation in South Mesopotamia.

I have, &c.
W. E. GOSCHEN.

[44152]

No. 405.

India Office to Foreign Office.—(Received December 5.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of the Earl of Crewe, forwards herewith, for the information of the Secretary of State, copy of a telegram to the Viceroy, dated the 28th November, relative to the retention of the naval Maxim gun at Shiraz.

Copy has been sent to the Admiralty.

India Office, December 3, 1910.

Enclosure in No. 405.

The Earl of Crewe to Government of India.

(Telegraphic.) P.

India Office, November 28, 1910.

SEE your telegram dated the 9th instant.

As considerable cause for anxiety has lately been given by situation at Shiraz, Sir G. Barclay, who has been consulted, adheres to his opinion that for the present, and until real improvement is shown in the situation, the Maxim should be retained. I request, therefore, that arrangements may be made for its retention.

[44293]

No. 406.

Anglo-Persian Oil Company to Foreign Office.—(Received December 6.)

*Winchester House, Old Broad Street, London,
December 5, 1910.*

Dear Mr. Mallet,

IN the accompanying official letter I have confined myself to dealing with the letter from you to which it is a reply, and to the misunderstanding on which that letter is based. I do not see what else I could do, but as, from private sources, I learn that the issue does not arise from the misunderstanding in question, or, at all events, if it arose there originally it now goes much deeper, I write you this further letter in the hope of saving time.

I am told that the British consul in Mohammerah has expressed the opinion that the sheikh should get something more than compensation and rent or sale price of his lands at market value, in accordance with article 3 of the concession—something more in money I mean, apart from the indirect advantage that he will derive from the development of an important industry in his territory.

If this information is incorrect, we shall be delighted to be corrected.

If, on the other hand, it is correct, we shall be personally very glad if the sheikh gets a "surcharge," both because our greatest desire is to live in amity with him, and because, while getting generous terms from us hitherto, he has so far honourably kept his part of all bargains between us. I will go further, and say that, if it is your desire, we are ready, if you give us the assistance of the British Legation and consuls in Persia, and if the sheikh himself assists, to endeavour to secure a "surcharge" for him. But we are not prepared ourselves to pay twice over for oil.

It is true that in the case of oil found in Bakhtiari territory we are in some danger of paying twice over, but we do not mean to pay it there if we can help it, and, in any case, that case must form no precedent. In the first place, the Bakhtiari agreement was not made by this company, but by the original concessionaire and those then associated with him, and this company bought the concession with that, but with no other similar liability attached to it.

By the concession of May 1901 the Persian Government granted to the conces-

sionnaire the privilege *inter alia* to search for, obtain, &c., and sell, &c., petroleum, &c., in a specified area, which includes *inter alia* the Bakhtiari and the sheikh's territories, in consideration of certain payments.

Such of the payments as were required to be made to the Persian Government have been made. The remaining payment is in the form of a share of profits when profits accrue.

The Persian Government also bound "itself to take all necessary measures to secure the safety and the carrying out of the object of this concession" (article 14).

It is true that in the case of oil found in the Bakhtiari country we are even now in some danger of having to pay for oil twice over, but that was altogether an exceptional case, in which the concessionaire and those associated with him were the victims of *force majeure*.

In the year 1905, before the concession had been bought by this company, the exploring party employed by the concessionaire and his associates to search for oil was held up by the Bakhtiaris in their country *vi et armis*. They scoffed at the concession granted by the Persian Government, and ordered the exploring party to desist or pay up. In a settled country the concessionaire could have called upon the Government to make good its grant. As matters stood, to do this would have meant at the best an interminable delay, and, with a pistol at his head, the concessionaire paid. This payment is embodied in the Bakhtiari agreement of which you know—an agreement made under stress of circumstances. It leaves us with an equitable claim on the Persian Government for whatever has been or will have to be paid to the Bakhtiaris in excess of what was in any case due under paragraph 2, article 3 of the concession, viz., "prices ordinarily current for lands in their respective localities without surcharge."

I have written "an equitable claim," because inasmuch as stress of circumstances prevented the concessionaire's calling on the Persian Government to make good its grant with any chance of success he did not so call upon it, and it may consequently, when the time comes, seek to evade our claim on the plea that the concessionaire did not give it an opportunity of making good its pledge in this connection.

But the distressing circumstances in which the concessionaire stood when the Bakhtiaris held him up no longer exist. So far as it is humanly possible to judge, prior to removing oil from the oil-fields in the Bakhtiari country, we have a supply there sufficient for the need of any piping and refining installations that we can put for several years to come, and we have no desire to pay (or risk paying) twice over for any more oil now.

Presuming that we can reckon on your support in regard to our undoubted rights, what we want in regard to oil in territories other than Bakhtiari territory is to say in the most friendly way to the land-owners, "Are you willing to give us land on the terms described in paragraph 2, article 3 of our concession?"

If they say "Yes," *cadit questio*.

If they say, "No; we want x because of the oil," or " x of or on the oil," or " x of the oil profits," then we can go to the Persian Government and request them either to make good their grant, or, what is better, consent to the surcharge demanded by the land-owners (adjudicated upon, perhaps, by officers of the British Government in Persia) being deducted from the 16 per cent. share of profits which we are to pay under the concession.

My directors feel confident that none of the officers of the British Government is inclined to suggest that we should pay for the oil twice over. The only reason for urgency in the matter is that we have sent some drilling plant to Ahwaz, and we do not want it to be idle for any length of time. Otherwise the matter could lie over till I get out to Mohammerah, where it has been decided that I must go to settle many questions that have cropped up, and to put our whole organisation at the fields and in Mohammerah on a more satisfactory basis. I feel confident that if I had had the opportunity of discussing the matter verbally with His Britannic Majesty's consul at Mohammerah and with the sheikh, neither difficulty nor misunderstanding would have arisen. But I cannot get out to Mohammerah until the middle of January, and I would very much like to have at least the principle settled to your satisfaction before I start.

Yours sincerely,
C. GREENWAY.

[1761]

[44294]

No. 407.

*Anglo-Persian Oil Company to Foreign Office.—(Received December 6.)**Winchester House, Old Broad Street, London,
December 5, 1910.*

Sir,

I HAVE now been able to place your letter of the 18th ultimo before my board, and I am to inform you that, in deference to the desire expressed in the last paragraph of your letter, all negotiations and preparations for boring for oil in the territory of the Sheikh of Mohammerah have been suspended in the meantime.

But I am also to inform you that your letter, and consequently probably also Sir Edward Grey's views on the matter, are based on a misunderstanding. Your letter says:—

"The local representatives of your company in Persia have stated to His Majesty's acting consul at Mohammerah that they intend to bore for oil in the territory of the Sheikh of Mohammerah without securing his previous assent, alleging that the second paragraph of article 3 of your concession applies only to works mentioned in article 2."

We do not know how the misunderstanding has arisen, but we do not put forward any such claim. We are quite ready to apply the second paragraph of article 3 to any lands that we require for any purpose whatsoever, and which do not come under paragraph 1, article 3.

If that, then, is the only issue between us, I hope that you will see your way to our resuming negotiations with the sheikh with a view to our searching for oil in his territory.

We are quite prepared to pay to him, or other owner or lessee of lands where we may desire to put down bore-holes, adequate compensation for any disturbance and a fair rent while we occupy the land, to restore it to its present condition if we strike no oil and leave it, and [or] to buy it in accordance with clause 2, article 3, or lease it, according to what arrangement may result from friendly negotiations, in the event of our finding oil anywhere.

I beg to assure you that my directors desire to develop the concession in a manner congenial and profitable to the Sheikh of Mohammerah, and in pursuance of this we shall instruct our Persian agents not to press the sheikh in any way, but to cease work, if he objects to our searching for oil, even in waste lands, pending further amicable negotiations.

In this policy my board trusts that it will enjoy the support of the British Legation and consuls in Persia.

I have, &c.

C. GREENWAY,
Managing Director.

[44361]

No. 408.

Imperial Bank of Persia to Foreign Office.—(Received December 6.)

Sir,

25, Abchurch Lane, London, December 6, 1910.

WE have the honour to enclose, for your information, copy of a telegram received this afternoon from Tehran in regard to a desire upon the part of the Persian Government that the telegraph revenues may be released after the year 1928, by which date the 1903-4 sterling advance should have run off.

In the telegram from Tehran dated the 22nd November and our reply of the 24th idem, of which we also hand you copies, the question of telegraph revenues is referred to, but in our reply no reference was made to the offer to substitute them in lieu of control. We therefore surmise that the chief manager has included them in the contract for the loan as suggested.

We shall be glad to receive your observations so that we may reply to the chief manager's enquiry.

I have, &c.

G. NEWELL, *Manager.*

Enclosure 1 in No. 408.

Imperial Bank of Persia, Tehran, to Imperial Bank of Persia, London.

(Telegraphic.)

Tehran, December 6, 1910.

FIFTH clause (D). Persian Government desire release security telegraphs after year 1928. Do you agree?

Enclosure 2 in No. 408.

Imperial Bank of Persia, Tehran, to Imperial Bank of Persia, London.

(Telegraphic.)

Tehran, November 22, 1910.

FIRSTLY. Referring to 3rd clause, Persian Government want to know what do you mean by otherwise.

Secondly. 2nd clause and 4th clause, Persian Government wish sinking fund commence at once with option of repayment subject to notice of six months.

Thirdly. 5th clause:—

(C.) Explain meaning of charges and how much.

(D.) Persian Government object to control, and instead of that offer telegraph revenues in case of need.

Fourthly. 6th clause, Persian Government wants to pay off loan now outstanding by means of importing silver. I have replied cannot entertain the proposal. Do you concur?

Before the Ministry refer the matter to Medjliss they wait reply.

British Minister telegraphing Foreign Office, whom consult. It is a matter of some importance.

Enclosure 3 in No. 408.

Imperial Bank of Persia, London, to Imperial Bank of Persia, Tehran.

(Telegraphic.)

25, Abchurch Lane, London, November 24, 1910.

IN reply to your telegram of the 22nd November, firstly, clause 3, the words "and otherwise" cover sundry details contained in bonds, such as place and dates of drawings, payment of drawn bonds, coupons, &c. Secondly, clauses 2 and 4, as to their having the option of paying off the loan at any time by giving six months notice, considering they are only getting 87l. 10s. for every 100l. bond, which they would have to pay off at par, we do not think it would suit them to exercise such right. We cannot refuse to grant to them their wish in this matter if they should insist upon it. The Stock Exchange would not like so early an option. We suggest in the interest of the loan five or ten years. Thirdly, clause 5 (C), after sinking fund, substitute for "and pay all charges" the words "and service of the loan free of charge"; (D), we waive control; delete remainder of paragraph (D) after the word "revenue." Fourthly, clause 6, consider Persian Government have right to dispose of pounds sterling in London any way they think fit, but hope you will be able to effect compromise.

[44339]

No. 409.

Sir G. Barclay to Sir Edward Grey.—(Received December 6.)

(No. 497.)

(Telegraphic.) P.

Tehran, December 6, 1910.

IMPERIAL Bank of Persia's proposed loan to Persian Government.

I have the honour to report, with reference to penultimate paragraph of my telegram No. 486 of the 22nd November, that bank manager, under instructions from his London office, has deleted passage referring to control in the contract as submitted to Cabinet, and has inserted, with my approval, additional security of telegraphs in its stead.

Mr. Wood informs me that Persian Government now desire that lien on telegraphs

should not be extended beyond 1928, the date on which it expires for Anglo-Indian loan of 1903-4.

I should have preferred to see the telegraphs pledged for the entire period of new loan, but in view of the fact that matters may be delayed by insistence on this point, I think that it might be abandoned.

[44436]

No. 410.

Sir G. Barclay to Sir Edward Grey.—(Received December 7.)

(No. 498.)

(Telegraphic.) R.

Tehran, December 7, 1910.

IMPERIAL Bank of Persia's loan was for first time in open session discussed by Medjliss yesterday. It met with considerable opposition from opponents of the Cabinet insisting that there must be satisfactory guarantee of proper employment of money.

Cabinet announced that a committee of control, including some Europeans, would be formed.

Discussion was adjourned.

[44431]

No. 411.

Sir Edward Grey to Sir G. Barclay.

(No. 358.)

(Telegraphic.) R.

Foreign Office, December 7, 1910.

HORMUZ oxide.

Ellinger is informed that Medjliss, about a week ago, after debating question, concluded that Muin's contention was just, and referred matter back to Persian Government. I presume this is inaccurate.

[44466]

No. 412.

Indo-European Telegraph Company to Foreign Office.—(Received December 8.)

18, Old Broad Street, London,
December 6, 1910

Sir,

WE understand that new maps of Persia have recently been made which, we understand also, are for official use only. In connection with business in Persia, we much desire to obtain the new "million sheet" and "degree sheets" of that portion of Persia covering the Central Persian line of the Indo-European Telegraph Department, viz., from Tehran south-east, if possible, as far as Robat in the Kuh-Malek-Siah.

We shall be much obliged if we could be supplied with a set of the maps in question. We would, of course, defray all charges. It is necessary to add that the maps are solely for our own use in this office, and will be treated as absolutely confidential.

I am, &c.

T. W. STRATFORD-ANDREWS,
Managing Director.

[44339]

No. 413.

Sir Edward Grey to Sir G. Barclay.

(No. 359.)

(Telegraphic.) P.

Foreign Office, December 8, 1910.

PROVIDING that the service of Anglo-Indian loan constitutes a prior lien on telegraph revenues, there is no objection to the substitution of additional security of those revenues for passage relating to control (see your telegram No. 497 of the 6th December).

I also agree to the Persian Government's request that the telegraph revenues may be set free after 1928.

[44361]

No. 414.

Foreign Office to Imperial Bank of Persia.

Sir,

Foreign Office, December 8, 1910.

I AM directed by Secretary Sir Edward Grey to acknowledge the receipt of your letter of the 6th instant relative to the loan for which negotiations are now proceeding between the Imperial Bank of Persia and the Persian Government.

I am to inform you, in reply, that His Majesty's Government have no objection to the substitution in the loan contract of a clause assigning the telegraph revenues as additional security for that providing for control to which the Persian Government object, on condition that it is made clear that the service of the Anglo-Indian loan of 1903-4 continues to constitute a prior lien on those revenues.

His Majesty's Government further agree that the telegraph revenues may be released after the year 1928, as desired by the Persian Government.

I am, &c.

W. LANGLEY.

[44579]

No. 415.

India Office to Foreign Office.—(Received December 9.)

Sir,

India Office, December 8, 1910.

I AM directed by the Secretary of State for India to acknowledge the receipt of your letter of the 28th November regarding the investiture of the Sheikh of Mohammerah, and the expression to him of the assurances of good-will in behalf of His Majesty's Government.

In reply, I am to say that the Earl of Crewe entirely concurs in Sir E. Grey's proposal to express to Colonel Cox his satisfaction at the manner in which he carried out his instructions.

I am, &c.

R. RITCHIE.

[44628]

No. 416.

Sir G. Barclay to Sir Edward Grey.—(Received December 9.)

(No. 499.)

(Telegraphic.) P.

Tehran, December 9, 1910.

SHEIKH of Mohammerah.

I have the honour to report that on the 8th December Minister for Foreign Affairs spoke to me on the subject of Sheikh of Mohammerah. His Excellency stated that information had reached him to the effect that Sheikh Khazal was under the protection of His Majesty's Government, and enquired whether there was any truth in this. In reply, I informed Hussein Kuli Khan that the sheikh was not a British protected person, but that His Majesty's Government had special relations with him, and that in the event of any encroachment on his rights, he would receive their support.

Minister for Foreign Affairs may revert to the subject, and I would propose in this event, subject to your concurrence, to inform his Excellency of the substance of recent written assurances given to Sheikh Khazal omitting in last paragraph words from "and shall continue" to the end. Please see your despatch No. 108 of the 6th July.

[44649]

No. 417.

Sir G. Buchanan to Sir Edward Grey.—(Received December 9.)

(No. 331.)

(Telegraphic.) P.

St. Petersburg, December 9, 1910.

I CALLED at the Russian Foreign Office this afternoon and paid my first visit to M. Sazonow.

I began the conversation by assuring M. Sazonow that it was the earnest desire of

[1761]

His Majesty's Government to maintain with the Russian Government the closest possible understanding, and I then told his Excellency how greatly His Majesty's Government had appreciated his action in communicating to them in such a frank and friendly manner the results of the conversations which he had had at Potsdam. His Majesty's Government had absolutely no reason to suppose that the German Government were about to approach them with a view to coming to any settlement with regard to the Bagdad Railway question, but should such a settlement ever come in sight his Excellency might rest assured that His Majesty's Government would act in consultation with Russia and France, and, before concluding any arrangement, would give those Powers time to conduct parallel negotiations for a settlement on lines consonant with their respective interests. His Majesty's Government, on their side, trusted that his Excellency, in the negotiations now proceeding with the German Ambassador here, would not give any engagement to effect a junction of the Bagdad Railway with the future North Persian systems until some satisfactory settlement with regard to the Gulf section of the Bagdad Railway had been reached by the British and German Governments.

All my remarks as to Anglo-Russian relations were warmly reciprocated by M. Sazonow. His Excellency then went on to explain that he had been forced to enter into an engagement for linking-up the two systems, owing to the fact that the privileged position hitherto enjoyed by Russia with regard to the construction of railways in North Persia had come to an end in the present year, and that it would therefore have been open to Germany to obtain the concession for constructing a line from Khanikin to Tehran had he not met her wishes with regard to linking-up the systems, and so secured her renunciation of her other claims. On my observing that Germany, with this engagement in her pocket, might be less disposed than ever to come to terms with us on the question of the Gulf section, his Excellency replied that the engagement could not take effect until many years had elapsed. His Excellency said that negotiations with Count Pourtales had begun yesterday, and he promised to let me have a copy of the proposals which he had drafted and submitted to the German Ambassador. He expected that exception would be taken by the German Government to some of these proposals. I expressed to M. Sazonow my thanks for this fresh proof which he was giving of his confidence.

I hope to forward to you to-morrow, by safe opportunity, a copy of these draft proposals.

With regard to the scheme for the conversion of the Russian Bank's debts to the Persian Government, M. Sazonow seemed to be in a calm and rather optimistic frame of mind. He quite understood the position in which His Majesty's Government stood with regard to the Imperial Bank of Persia, and he hoped, now that a satisfactory solution of the Kashan incident had been reached, that coercive measures would not have to be taken by Russia.

[44628]

No. 418.

Foreign Office to India Office.

Sir,

Foreign Office, December 9, 1910.

I AM directed by Secretary Sir Edward Grey to transmit to you herewith copy of a telegram from His Majesty's Minister at Tehran,* reporting that the Persian Minister for Foreign Affairs has enquired of him as to the nature of the relations between His Majesty's Government and the Sheikh of Mohammerah, and proposing, if further questioned on the subject, to acquaint Hussein Kuli Khan with the substance of the assurances recently conveyed to that chief with certain specified omissions.

Subject to the concurrence of the Earl of Crewe, Sir E. Grey is disposed to consider that, in the eventuality contemplated, Sir G. Barclay would do better to confine himself to a repetition of the general statement which, as he reports, he has already made in answer to the Minister's enquiries on the subject, adding perhaps an intimation that the support promised to the sheikh by His Majesty's Government is contingent on the observance by him of his obligations towards the Persian Government.

I am to state that Sir E. Grey would be glad to receive an early expression of Lord Crewe's opinion on this question.

I am, &c.

W. LANGLEY.

* No. 416.

[44666]

No. 419.

India Office to Foreign Office.—(Received December 10.)

Sir,

India Office, December 9, 1910.

I AM directed by the Secretary of State for India to acknowledge the receipt of your letter of the 25th November regarding the refusal of the Persian Government to accept liability for the death of two sowars of Mr. Bill's escort in an affray with robbers in April last.

In reply, I am to say that it appears to the Earl of Crewe that it will be very difficult to extract from the Persian Government an admission of the point of principle, and that such an admission would be of little practical value if extracted. Moreover, it may be remembered that Mr. Bill was not a consular officer travelling in the discharge of his duties, but a private individual travelling for pleasure; and though that fact does not lessen the responsibility of the Persian Government for his safety, it enables His Majesty's Government to take a less serious view of the outrage without sacrifice of prestige. In these circumstances, the Secretary of State for India would prefer to regard the Persian Government's offer as in itself a sufficient acceptance of their responsibility, provided that they express their regret for the incident and that the money is immediately paid.

If, however, neither condition is likely to be fulfilled, Lord Crewe would suggest that the Persian Government should be informed that His Majesty's Government must continue to hold them fully responsible, and that they cannot abate their claim for compensation. And it might be added that the mere fact that a gentleman of Mr. Bill's position, with an escort of twelve Indian cavalry and four Persian Cossacks, cannot travel in safety on one of the main roads, and that the Persian Government disclaim responsibility, sufficiently justifies His Majesty's Government in the demand they have recently made for the restoration of order and in insisting rigorously on its satisfaction.

I am, &c.

R. RITCHIE.

[44662]

No. 420.

Persian Transport Company to Foreign Office.—(Received December 10.)

Sir,

*3, Salters' Hall Court, Cannon Street, London,
December 9, 1910.*

WITH reference to previous correspondence on the subject of the application to the Persian Government for an extension of the period for road construction, I have the honour to report that we have received a communication from our agent in Tehran on this subject, dated the 11th ultimo. In this despatch our agent reports that His Majesty's Minister in Tehran had recently informed him that he had some time ago discussed the question with the Persian Government, and had stated that, as a result of the disturbed condition of the country, the company was unable to proceed with and construction work on the unfinished sections. The Persian Government had replied they did not consider this to be a sufficient reason why the work should not be proceeded with. His Majesty's Minister had rejoined by asking whether the Government would guarantee the safety of the company's constructing staff, in view of their desire to commence work on the Kum-Ispahan section. Our agent adds that His Majesty's Minister would like to know whether he should continue to press the Persian Government either to give the guarantee or to grant the extension of the period.

Our agent advises us that, even if the guarantee were given, it would not be of the slightest value. He reports that the section between Kum and Ispahan is practically in the hands of a robber chieftain, Naib Hussein. As regards the country lying to the south of Sultanabad and to the west of Ispahan, it is infested by raiding bands of Lurs.

I am directed by my board to express their concurrence with the view put forward by our agent, and to add that, in their opinion, no fresh guarantee from the Persian Government is required, because the road concession contains the guarantee. The point is that the Persian Government have been unable, and remain unable, to enforce the guarantee. They have not been able even to secure the levying of tolls on the

section of road already constructed between Kum and Sultanabad, which immediately adjoins the city of Kum.

Owing to the continuance and recent increase of insecurity in the districts to be crossed by the roads, it is now too late to complete construction within the period allowed. Under these circumstances, my board request that His Majesty's Minister in Tehran may be instructed to press for an immediate extension of the period for road construction, as indicated in our previous communications, on the ground that it is a matter of common knowledge that the Persian Government have not the means at their disposal for making good the guarantee in the road concession.

Sir George Barclay suggests that this application for the extension of the period should be made prior to an application for authority to increase the tolls on the Tehran-Kum road. My board are willing to concur in this suggestion.

I have, &c.

H. W. MACLEAN, *Secretary.*

[44764]

No. 421.

Sir G. Buchanan to Sir Edward Grey.—(Received December 10.)

(No. 332. Secret.)

(Telegraphic.) P.

St. Petersburg, December 10, 1910.

MY telegram No. 331 of the 9th December: Bagdad Railway.

M. Sazonow has now sent me in strictest confidence the draft proposals which he has submitted to Count Pourtalès.

The first article is in substance as follows:—

"The realisation of the Bagdad Railway scheme will not be opposed by the Russian Government, nor will that Government place any obstacles in the way of foreign capital participating in the scheme.

"It is understood that no pecuniary or economic sacrifices will be required of the Russian Government."

Passing reference was made yesterday to this article by M. Sazonow in the course of our conversation, but his Excellency treated it as if no real importance attached to it. Nevertheless, the wording might perhaps be interpreted as meaning that, in any steps which we might be forced to take eventually to prevent the construction and control of the Gulf section by Germany alone, Russia is to be debarred from coming to our assistance.

No reference is made in the draft proposals to the question of the construction of the line from Sadijeh to Khanikin by Russia.

I am sending the text of the proposals to-night by messenger.

[44789]

No. 422.

Mr. Marling to Sir Edward Grey.—(Received December 12.)

(No. 877.)

Sir,

Constantinople, December 6, 1910.

I HAVE the honour to forward herewith a despatch from His Majesty's consul-general at Bagdad, enclosing copies of correspondence between the Russian consul and a mujtehed of Nejef respecting Persian affairs.

I have, &c.

CHARLES M. MARLING.

Enclosure 1 in No. 422.

Consul-General Lorimer to Mr. Marling.

(No. 59. Confidential.)

Your Excellency,

Bagdad, November 6, 1910.

I HAVE the honour to forward enclosed translations of an indirect correspondence which has lately passed between the Russian consul at Bagdad and Mulla Kazim (Khurasani), the most active politically of the mujteheds of Nejef, referring to a

proposed boycott of Russian goods in Persia and the withdrawal of the Russian troops from Persia. The correspondence appears to be a continuation of that described in my summary of events for September 1910.

It is not for me to express a confident opinion on a matter of Persian politics, but it seems to me that M. Orloff's action in opening a correspondence with the Khurasani, though taken, no doubt, under instructions from his Government, is calculated to increase the importance of that mujtehed without rendering his sentiments more favourable to the Russian Government.

I have, &c.

J. G. LORIMER,
Political Resident in Turkish Arabia.

Enclosure 2 in No. 422.

Translation of a Letter, dated the 2nd October, 1910, from the Russian Consul at Bagdad to his Representative, Abul-Kasim (Shirwani), at Nejef.

(Confidential.)

YOU should seek an interview with his Eminence Ayat-Ullah Akhund Mulla Muhammad Kazim (Khurasani) and say to him that it becomes persons like himself, who are distinguished by wisdom, penetration, and unerring judgment, to examine into matters personally, and not to be precipitate in acting on the word of interested parties.

There are some Europeans who, owing to self-interest and enmity with the Russian Government, have, since the last Russian war until now, been perpetually intriguing to destroy the wealth of Russia and endeavouring by lessening its revenues, which are as the blood in the veins of Empire, to weaken that Government. There are some Persians, too, who have joined hands with these, and who wish, purely out of the enmity and the malice which they bear the Russian Government, and without the least feeling of patriotism for Persia, to accumulate all the means of provoking the Russian Government and diminishing its revenues, and they are therefore displaying in the best light, in the eyes of his Eminence Ayat-Ullah, proposals for a religious war and a boycott of Russian goods. Of course it is not hidden from his Eminence that, if religious war should be declared, the Shiah of Persia do not possess the necessary means of prosecuting hostilities against such a large and powerful Empire as Russia. As regards a boycott, the goods from Persia which are exported to Russia greatly exceed those exported from Russia to Persia. In the circumstances Russia would retaliate against Persian goods, and the loss to the Persian nation would in the end be much greater than that of Russia.

The Russian Government will recall its troops at present stationed in Persia when it is assured that there will be no loss to its commerce, and that such a measure is in the interest of Persia also. The nationalists, who are persons of influence and trust and who form a majority, approve of this; while those who are of the contrary opinion are very few in number and enjoy neither influence nor trust in Persia.

It is therefore becoming that a great man like his Eminence should consider the disastrous results of the measures proposed in regard to the exalted Government of Russia, and should not take hasty action on the promptings of interested persons.

ORLOFF.

Enclosure 3 in No. 422.

Translation of a Copy of Reply given by the Son of Mulla Muhammad Kazim by order of his Father.

(Confidential.)

To Agha Abul-Kasim (Shirwani).

I SUBMITTED the letter of the Russian consul-general at Bagdad for the auspicious perusal of his Eminence (may my soul be sacrificed for him!). He ordered me to reply as follows for transmission:—

With regard to the malice and enmity of certain persons against the Russian Government: whether a former enmity between certain Europeans and the Russian Government exists or does not exist, at any rate no individual of the Persian nation or

[1761]

3 Q

of the Persian Government has had anything but neighbourly and commercial connections and friendly relations with the Russian Government. The Persian nation and Empire have nothing in view but the defence of their independence, the cementing of relations of friendship, commerce, and neighbourliness, general peace, and the observance of international courtesy and rights. They have not hitherto been found wanting in the least degree in the observance of these limits. It is self-evident that the observance of relations of friendship, neighbourly connection, and insistence on international courtesy and rights, according to the law of friendship and the accepted rules of the world, are mutual obligations; but I see with regret that since some time it is only the Persian nation and Empire which are doing their utmost for the maintenance of these relations. Indeed, they have shown, and are showing, superhuman forbearance in this respect; while, on the other hand, the representatives of the Russian Government do not at all recognise the necessity of observing friendly relations and the duties of neighbourliness and do not respect international rights. Inasmuch as at the period of the revolution all possible care was taken of the rights of foreign subjects, especially those of Russians, the dispatch of troops into the interior of Persia was not necessary even in the beginning; and now that, thank God, Persia is free from revolutions, and peace in Persia has been restored to the same standard as in other countries, the further stay of Russian troops, as is known to every thinking man, creates day by day new and great difficulties for the nation and fresh disturbances in the country, and has been and is the cause of a total weakening of the Government, and is opposed to its independence. Also the difficulties caused and the results created cannot be removed and abolished except by the removal of the troops. In spite of these facts, you complain when, contrary to the laws of right and friendship, the demands of neighbourliness, and promises and engagements to the Persian nation and the Great Powers at the time of the advent of the troops, their recall even now is postponed on pretexts. So long as such a source of evil and disturbance remains in the country on the ever-present pretext of protecting commerce, it will certainly be considered as a clear proof and a significant sign of the disfavour of the Russian representatives towards the independence and integrity of Persia, and as a non-recognition of friendly relations and neighbourly rights. In these circumstances it is the imperative duty of every Persian, or rather of every Moslem, and especially that of the spiritual authorities of Islam,* who are responsible for protecting the boundaries and independence of the Islamic dominions, not to leave any stone unturned, in accordance with the demands of the time, for the defence of the rights of Moslems and of the Islamic dominions. It is therefore an unavoidable duty, and the Islamic law in such cases necessarily does not permit negligence. And as the pretext and subterfuge which in this present case have submerged the foundation of religion and the independence of the country are legalised by the name of protection of trade—in other words, the use of Russian goods in Persia—the spiritual authorities of Islam are compelled by their religious responsibilities to extirpate that idea by the roots; otherwise loss is not and never has been within the purview or worthy the attention of the spiritual authorities, nor are material damage and injury of any importance or deserving of attention when opposed to religious obligations.

With regard to the religious war which is mentioned in the early part of the consul-general's letter, religious obligation has not as yet dictated such a step, and it has nothing to do with the present question. Supposing circumstances to arise in which the law of Islam should require such a measure, it will not be obligatory on Persians only, but all Mahomedans will have to participate, and of necessity the arrangements will be different.

God willing, the statesmen of your illustrious Government, in accordance with the demands of justice and humanity, will regard this important point, and, before religious obligations become imperative, will stop and recall their troops from Persia and so draw the hearts of all the Moslems to themselves and remove the hatred which has been created, and cement the relations of friendship, commerce, and neighbourliness, and will no longer be willing parties to actions which are opposed to the independence and integrity of an Empire or to the destruction of the rights of a nation. God willing, this has been written as requested for transmission.

* "Mukam-i-ruhaniyat-i-Islamiyah": meaning, no doubt, the mujtehd, as is more apparent from the next passage below, where the phrase occurs.

[44959]

No. 423.

Messrs. Ellinger and Co. to Foreign Office.—(Received December 12.)

Sir, 28, Oxford Street, Manchester, December 9, 1910.
WITH reference to our letters of the 24th June and 29th September last and 29th ultimo, and to Mr. Maxwell's letter of the 29th ultimo, and the present writer's interview with Mr. Norman on the 6th instant, we desire to draw your attention to the serious position in which Messrs. Andrew Weir and Co. and ourselves are being placed by the present total uncertainty as to the validity of the Muin-ut-Tujjar's concession.

In the month of April last the Persian Government dispossessed the Muin-ut-Tujjar, and a contract was granted to Messrs. F. C. Strick and Co., under which a very large quantity of oxide has been shipped from Ormuz and brought to this country.

This action purported to be taken upon the ground that the Muin's concession was not, as he maintained it to be, in perpetuity, but had in fact expired in 1906, and that the Muin had ceased to have any right whatever to a monopoly of the oxide mined from Ormuz, and had in fact fraudulently traded upon a lapsed concession, and made contracts accordingly, which could not be recognised.

A note in support of this action of the Persian Government was received by His Majesty's Government, and the present writer was informed by Mr. Norman on the 9th September last that this note was not satisfactory, inasmuch as it did not contain the information which had been asked for on the part of His Majesty's Government.

The writer understands that the further note asked for has not yet been received in spite of the considerable lapse of time, and, meanwhile, the action of the Persian Government, relatively to the oxide concession, itself is making the situation more and more injurious to the interests of Messrs. Andrew Weir and Co. and ourselves, as there is imminent danger of further shipments taking place in violation of the Muin's contract with Messrs. Andrew Weir and Co., which would come on a market already flooded with the oxide shipped by Messrs. F. C. Strick and Co. The view that we submit respectfully is that in common justice to Messrs. Andrew Weir and Co. and ourselves as British subjects, the Persian Government should be required without further delay to give evidence, which has never yet been forthcoming, that the Muin-ut-Tujjar's concession has lapsed, and that in the meantime the rights of those who have relied in all good faith upon that concession ought not to be prejudiced by still further shipments of oxide being made under the contract obtained by Messrs. Strick. The course adopted by the Persian Government of acting as if the concession were void, while at the same time neglecting to give proof to satisfy His Majesty's Government that it is void, cannot be logically or justly sustained, and is a denial of justice and an accumulating aggravation of the injury to us and our friends.

We would respectfully remind you that the Muin-ut-Tujjar's concession must be either valid or invalid. If it is valid then every ton of oxide shipped by Messrs. Frank C. Strick and Co. is a violation of the rights of Messrs. Andrew Weir and Co. and ourselves, and the Muin-ut-Tujjar is clearly entitled to be restored to his original position and allowed to carry out the contract made with Messrs. Andrew Weir and Co., and they and we are further entitled to be compensated for the injury sustained in consequence of the concession having been treated as void and forcibly terminated.

If, on the other hand, the concession can be shown to be void, then we fall back upon the protection of His Majesty's Government on the grounds which are fully set forth in our letter to you of the 24th June last, supplemented later by our letter of the 29th September, as regards the detailed claims of Messrs. Andrew Weir and Co. and ourselves.

It has been intimated that His Majesty's Government must preserve an even balance between two British subjects, but we have to point out that there is no question of equality of treatment of ourselves and Mr. F. C. Strick in this matter if the Muin's concession cannot be shown to have lapsed. Mr. Strick's oxide contract with the Persian Government was made long after the contract with Messrs. Andrew Weir and Co., with full knowledge of the existence of the contract between the Muin and this firm and of risk he was running should the Muin's right to the concession be established, and after being twice told he could not rely upon support from His Majesty's Government, who were pledged to support us, and we venture to submit without hesitation that from first to last the whole sequence of events shows that upon a conflict of interest Messrs. Andrew Weir and Co. and ourselves are, on every principle of

fairness, entitled to ask for this support in preference to any claims of Mr. Strick, based, as his are, and can only be upon a contract which he knew to be made in violation of the Muin-ut-Tujjar's concession.

As bearing upon the merits of the question of the validity of the concession, we would point out that if, as has been asserted, it lapsed in 1906, the Muin-ut-Tujjar was left in undisturbed possession of his supposed rights, and we were allowed to act as his agents for the sale of oxide and Messrs. Andrew Weir and Co. to enter into a contract for taking the oxide at a considerably later date.

We venture on all these grounds to submit that to allow the Muin's concession and his contract with Messrs. Andrew Weir and Co. to continue to be set aside and oxide to be poured into this country under a contract which manifestly cannot be supported if the Muin-ut-Tujjar's concession is upheld, while at the same time the Persian Government, notwithstanding pressure from His Majesty's Government, continues indefinitely to delay furnishing any evidence whatever in support of the view that the concession is invalid, is to place Messrs. Andrew Weir and Co. and ourselves in an intolerably unjust position, and we urge respectfully, but most strongly, that at least the *status quo* should be preserved, and the shipments of oxide discontinued, until the whole matter is cleared up and it is definitely ascertained whether the Muin-ut-Tujjar's concession is or is not valid.

We are, &c.
ELLINGER AND Co.

[44986]

No. 424.

India Office to Foreign Office.—(Received December 12.)

Sir,

India Office, December 12, 1910.

I AM directed by the Secretary of State for India to acknowledge the receipt of your letter, dated the 9th December, 1910, enquiring his views regarding the communication to be made, if necessary, to the Persian Government as to the nature of the relations between His Majesty's Government and the Sheikh of Mohammerah.

In reply, I am to observe that the assurances recently given to the sheikh were given with the anticipation that they would be communicated by him to his tribesmen, and it is possible, therefore, that they may ultimately become known to the Persian Government also. It would not consequently seem desirable that their substance should be communicated to that Government now in any form that was not entirely complete.

The Earl of Crewe concurs with Sir E. Grey that it would be better for His Majesty's Minister at Tehran to confine himself to a repetition of his previous statement, coupled with the further intimation, suggested in your letter, that the support promised to the sheikh is contingent on his observance of his obligations towards the Persian Government. It might further be added that the sheikh is well aware that the relations of His Majesty's Government towards himself must be consistent with the obligation entailed on them by the Anglo-Russian arrangement to respect the independence and integrity of Persia.

I am, &c.
R. RITCHIE.

[44466]

No. 425.

Foreign Office to India Office.

Sir,

Foreign Office, December 12, 1910.

I AM directed by Secretary Sir Edward Grey to transmit to you herewith copy of a letter from the Indo-European Telegraph Company,* asking to be supplied with copies of maps of certain parts of Persia, forming part of a set which they believe to have been prepared recently for official use.

No maps corresponding with the description given are to be found in the archives of this Office, but it is thought possible that they may be in the possession of your department.

* No. 412.

I am to enquire whether, if this is the case, the Earl of Crewe would have any objection to allowing copies of the maps to be forwarded to this Office for transmission to the company, subject, of course, to their giving an undertaking in the sense of the last sentence of their letter; and I am to state that, in Sir E. Grey's opinion, their request is one which may properly be complied with in the interests of British enterprise in Persia.

I am further to request that, should Lord Crewe see no objection, copies of all maps of Persia which have been prepared under the auspices of the Government of India since 1908 may be supplied for use in this Office.

I am, &c.
LOUIS MALLET.

[44466]

No. 426.

Foreign Office to Indo-European Telegraph Company.

Sir,

Foreign Office, December 12, 1910.

I AM directed by Secretary Sir Edward Grey to acknowledge the receipt of your letter of the 6th instant asking to be supplied with copies of maps of certain parts of Persia, forming part of a set which your company believe to have been prepared recently for official use.

I am to inform you, in reply, that no maps corresponding with the description given in your letter are to be found in the archives of this department, but that it is thought possible that they may be in the possession of the India Office.

Sir E. Grey has accordingly caused a copy of your letter to be forwarded to that department with the recommendation that, if this be the case, your request should receive the favourable consideration of the Earl of Crewe.

I am, &c.
LOUIS MALLET.

[44999]

No. 427.

Sir G. Buchanan to Sir Edward Grey.—(Received December 13.)

(No. 482.)

Sir,

St. Petersburg, December 9, 1910.

I PAID my first official visit to the Minister for Foreign Affairs this afternoon, and endeavoured to impress upon his Excellency how much His Majesty's Government had at heart the maintenance of the closest possible understanding with the Russian Government. I had, I said, been charged by you to deliver many friendly messages to his Excellency, and to assure him of the pleasure which it afforded you to work with him for the furtherance of our respective interests, which were now happily almost identical. M. Sazonow begged me to convey to you his sincere thanks, and to say that he warmly reciprocated your desire for a frank and cordial collaboration on the part of the two Governments.

I then proceeded to say that His Majesty's Government had greatly appreciated the mark of confidence which he had given them in communicating to them the substance of his conversations with the German Chancellor and Secretary of State for Foreign Affairs. They had been somewhat surprised, however, to learn that the German Government was on the point of concluding an agreement with them with regard to the Gulf section of the Bagdad Railway. Nothing that had passed in the conversations which had from time to time taken place between Berlin and London led them to expect any such consummation; but should an understanding of this nature ever seem imminent, His Majesty's Government would not fail to give the French and Russian Governments timely notice, so that they might negotiate simultaneously and on parallel lines whatever arrangement they might consider most consonant to their interests. His Excellency, they believed, was now about to conduct negotiations with the German Ambassador for an agreement, of which one of the principal points would have reference to the linking up of the Bagdad Railway, with an eventual North Persian railway system. They trusted, however, that no definite engagement would be entered into as regards this question until His Majesty's Government were in a position to come to some understanding with Germany respecting the Gulf section of the Bagdad Railway.

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3 R

M. Sazonow replied that he feared that this would be impossible. Before going to Berlin he had explained his position to Mr. O'Beirne; and the assurances which he had since given to the German Government respecting the future linking up of the two railways had been forced on him by the fact that the privileged position which Russia had hitherto enjoyed with regard to railway construction in North Persia had terminated in March of the present year. By agreeing to meet Germany's wishes on this point, he had secured her renunciation of all claims to territorial concessions in North Persia, and had thus averted the danger of the concession for the construction of the Tehran-Khanikin branch ever falling into her hands. He had only put forward his demand for the right to construct the Sadijeh-Khanikin line on learning at the Russian Embassy in Berlin that it was commonly reported that the British and German Governments were on the point of coming to terms with regard to the Gulf section of the Bagdad Railway. His object in doing so had been to see what the Imperial Chancellor would say respecting such an understanding, as well as to obtain some equivalent concession for Russia in the event of Germany being prepared to give satisfaction to the claims of Great Britain and of France. I observed that, were Germany once to obtain a formal and unconditional promise from Russia concerning the linking up of the two railway systems, she would, I feared, be less disposed than ever to come to an understanding with us, more especially as such an understanding would apparently entail her ceding to Russia the construction of the Sadijeh-Khanikin line. I understood, however, that his Excellency had not agreed to any specified term within which the Tehran-Khanikin Railway was to be built, so that he would still be free to withhold the execution of this promise until such time as we also had arranged matters with Germany. M. Sazonow replied that many years must elapse before the latter railway could be constructed, so that we should have ample time to negotiate, and that if we desired it he would welcome British co-operation in the undertaking. He had only yesterday commenced his negotiations with the German Ambassador, and thought that they were likely to last some three weeks. He had handed to Count Pourtalès a draft project, of which he would send me a copy in the strictest confidence, but some of the proposals which it contained would, he thought, meet with opposition at Berlin.

I thanked his Excellency for this fresh proof of his confidence; and the conversation then turned to the questions of the Persian loan and of the conversion of the Russian debt. On my repeating to his Excellency the reasons which, as Mr. O'Beirne had already explained to him, made it impossible for us to throw over the Imperial Bank, M. Sazonow said that he perfectly understood our position. I told him further that we were most anxious to do nothing to cause Russia any embarrassments, that we would use our influence at Tehran to accelerate the conclusion of the Russian conversion scheme, and that, if the Persians proved really intractable, we would not raise objections to such measures as he might deem it necessary to take to safeguard her interests. His Excellency, however, appeared to be in a much calmer and more optimistic frame of mind than I had ventured to hope, and said that now that the Kashan incident had been satisfactorily settled, he did not think that it would be necessary for Russia to have recourse to any coercive measures. Without entering into any details, M. Sazonow gave me to understand that the prospects of an early settlement of the conversion scheme were more favourable than they have been for some time past.

I have, &c.
GEORGE W. BUCHANAN.

[45079]

No. 428.

Imperial Bank of Persia to Foreign Office.—(Received December 13.)

Sir,

25, Abchurch Lane, London, December 12, 1910.

WITH reference to our letter of the 21st November, we have now received instructions from our chief office in Tehran to hold at your disposal the sum of 8,380l. 17s. 4d., representing the sum paid by the Persian Government on account of interest due from the 20th March last up to the 20th November on the 1903-4 sterling advance of 314,281l. 16s. 4d. as per enclosed statement.

We shall be much obliged, if you agree the amount, if you will send us a receivable order for the same.

I have, &c.
G. NEWELL, Manager.

Enclosure in No. 428.

INTEREST paid by Persian Government on account of Sterling Loan, 1903-4.

Date.		Dr.	Cr.
1910.		£ s. d.	£ s. d.
June 30 ..	Monthly instalment on account of interest due April 20, 1910 .. ..	..	1,309 10 2
	Monthly instalment on account of interest due May 20, 1910 .. ..	..	1,309 10 2
	Monthly instalment on account of interest due June 20, 1910 .. ..	..	1,309 10 2
	Our commission, one-fifth of 1,309l. 10s. 2d., due April 20, 1910	261 18 0	..
	Our commission, one-fifth of 1,309l. 10s. 2d., due May 20, 1910	261 18 0	..
	Our commission, one-fifth of 1,309l. 10s. 2d., due June 20, 1910	261 18 0	..
July 20 ..	Monthly instalment on account of interest due July 20, 1910 .. ..	..	1,309 10 2
	Our commission, one-fifth	261 18 0	..
August 20 ..	Monthly instalment on account of interest due August 20, 1910 .. ..	..	1,309 10 2
	Our commission, one-fifth	261 18 0	..
September 20 ..	Monthly instalment on account of interest due September 20, 1910 .. ..	..	1,309 10 2
	Our commission, one-fifth	261 18 0	..
October 20 ..	Monthly instalment on account of interest due October 20, 1910 .. ..	..	1,309 10 2
	Our commission, one-fifth	261 18 0	..
November 20 ..	Monthly instalment on account of interest due November 20, 1910 .. ..	..	1,309 10 2
	Our commission, one-fifth	261 18 0	..
November 22 ..	To balance	8,380 17 4	..
		10,476 1 4	10,476 1 4
	By balance .. ..	..	8,380 17 4
	To transfer draft No. 22/28	8,380 17 4	..
		8,380 17 4	8,380 17 4

E. & O. E.

(For the Imperial Bank of Persia),
E. WILKINSON,
Acting Chief Accountant.

Tehran, November 22, 1910.

[44662]

No. 429.

Sir Edward Grey to Sir G. Barclay.

(No. 360.)

(Telegraphic.) P.

Foreign Office, December 13, 1910.

WITH reference to Persian Transport Company's road concession, company now ask that you should be instructed to press for immediate extension of period for construction, as they are of opinion that the Persian Government have no means of fulfilling guarantee which they have given for the safety of construction staff, and that, since concession already contains one guarantee, a fresh one would be superfluous. Ground of request would be inability of Persian Government to carry out guarantee.

I have informed the company that the question is now under consideration.

Nothing can be done to meet their wishes till we have obtained the consent of

the Russian Government, and to expedite this Sir G. Buchanan has been asked to ascertain, privately, when their reply to our enquiry on the subject may be expected (see "Persia" Confidential Print, section 4, of the 31st October).

[44666]

No. 430.

Sir Edward Grey to Sir G. Barclay.

(No. 197.)
Sir,

Foreign Office, December 13, 1910.

I HAVE received your despatch No. 194 of the 29th October, reporting that the Persian Government have declined to admit liability in the case of the murder of the two sowars of Mr. Bill's escort by tribesmen on the Shiraz-Ispahan road, but that they might be willing to make to the families of the victims a compassionate grant of a sum not exceeding 4,000 tomans.

I transmit to you herewith copy of a letter from the India Office,* to which, as the department chiefly concerned in the matter, I caused to be referred the question of the acceptance or refusal of this offer.

You will perceive from this communication that it is considered that, in the circumstances of the case, the suggested compromise should be agreed to provided that the Persian Government express their regret for the occurrence and that the money is paid immediately.

If, therefore, you are of opinion that these two conditions are likely to be fulfilled—a point on which your presence on the spot gives you the best opportunity to form a judgment—you should endeavour to effect a settlement on the lines proposed.

I am, &c.

E. GREY.

[45218]

No. 431.

Sir G. Barclay to Sir Edward Grey.—(Received December 14.)

(No. 500.)

(Telegraphic.) P.
HORMUZ oxide.

Tehran, December 14, 1910.

In reply to your telegram No. 358 of the 7th December, I have the honour to report that I have not been able to obtain up till now any confirmation of the information given to you by Messrs. Ellinger.

In the circumstances, I believe that the best course will be for me to press for a reply to my caveat. I shall therefore now do so.

[45075]

No. 432.

Sir Edward Grey to Sir G. Barclay.

(No. 361.)

(Telegraphic.) R.

Foreign Office, December 14, 1910.

MESSRS. DIXON of Manchester ask that following message may be sent to you:—

"Extensive robberies reported from neighbourhood Shiraz. Insist upon immediate measures for recovery of goods and punishment of robbers."

You may do what you can.

[44662]

No. 433.

Foreign Office to Persian Transport Company.

Sir,

Foreign Office, December 14, 1910.

I AM directed by Secretary Sir Edward Grey to acknowledge the receipt of your letter of the 9th instant relative to the extension of the period allowed to your

* No. 419.

company for the construction of roads in Persia, for which they hold a concession from the Persian Government.

I am to inform you in reply that the question is under consideration, and, with reference to the last paragraph of your letter, to express to you Sir E. Grey's satisfaction at the adoption by your board of Sir G. Barclay's suggestion, that application for the extension should be made prior to a request for authority to increase the tolls on the Kum-Tehran road.

I am, &c.

LOUIS MALLET.

[45337]

No. 434.

Sir G. Barclay to Sir Edward Grey.—(Received December 15.)

(No. 501.)

(Telegraphic.) R.

Tehran, December 15, 1910.

MINISTER for Foreign Affairs informs me that the Regent has telegraphed from Paris to the Cabinet and the Medjliss that he is leaving forthwith for Persia.

[44959]

No. 435.

Sir Edward Grey to Sir G. Barclay.

(No. 362.)

(Telegraphic.) P.

Foreign Office, December 15, 1910.

HORMUZ oxide.

I agree with suggestions made in paragraph 2 of your telegram No. 500 of the 14th December, and was about to instruct you accordingly.

Persian Minister for Foreign Affairs should be informally approached and made to understand that, if Persian Government fail to prove their contention, they render themselves liable to heavy pecuniary loss.

[44986]

No. 436.

Sir Edward Grey to Sir G. Barclay.

(No. 363.)

(Telegraphic.) P.

Foreign Office, December 15, 1910.

SHEIKH of Mohammerah.

Your telegram No. 499 of 9th December.

I think you had better not divulge to Minister for Foreign Affairs assurances given by His Majesty's Government to sheikh. In any case Persian Government may get to know of their terms, seeing that they were intended for communication to tribesmen, and it would therefore be preferable that Hussein Kuli Khan should not at present be placed in possession of an incomplete version of them.

(R.) If further questioned you should confine yourself to a repetition of your previous general statement, saying that the support promised to the sheikh is contingent upon his observance of his obligations towards the Persian Government. You might add that sheikh is well aware that relations of His Majesty's Government towards himself must be consistent with their intention to respect independence and integrity of Persia.

[45337]

No. 437.

Sir Edward Grey to Sir G. Buchanan.

(No. 709.)

(Telegraphic.) P.

Foreign Office, December 15, 1910.

WITH reference to Persian Regency, please inform Russian Government of contents of Sir G. Barclay's telegram No. 501 of the 15th December, herewith repeated.

[1761]

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[44959]

No. 438.

Foreign Office to Messrs. Ellinger and Co.

Gentlemen,

Foreign Office, December 15, 1910.

I AM directed by Secretary Sir Edward Grey to acknowledge the receipt of your letter of the 9th instant, relative to the question of the mines of red oxide on the island of Hormuz.

In this communication you give an account of the circumstances in which this question arose and of the events which have affected its development up to the present time. This account appears to Sir E. Grey to present a fair statement of the case and of its present situation.

You urge at the same time that the Persian Government should be required without further delay to furnish evidence that Muin-ut-Tujjar's concession did in fact lapse at a given date as they assert, and that, until this question is settled, all further shipments of oxide from Hormuz should be discontinued.

With regard to the former request, I am to observe that, as you are aware, His Majesty's Minister at Tehran has already informed the Persian Government officially that, unless they can produce proof satisfactory to His Majesty's Government that Muin's concession expired previously to the signature of his contract with yourselves and with Messrs. Andrew Weir and Co., they will be held responsible for any injury to British interests caused by their action in disregarding that contract.

I am to inform you, however, that, as the Persian Government have hitherto failed to reply to Sir G. Barclay's communication by furnishing the proof demanded, Sir E. Grey, who fully recognises the urgency of the matter and the reasonable nature of your request, has instructed him by telegraph to make a further serious representation to the Persian Minister for Foreign Affairs on the subject, and to point out to his Excellency the heavy pecuniary liability to which his Government are exposing themselves by their omission to bring forward conclusive evidence of their contention.

As regards your second request, I am to observe that it is quite true that, as stated in your letter, Messrs. Strick have acted in this matter with full knowledge of the circumstances of the case and of the risk of loss to themselves which would be involved in a failure on the part of the Persian Government to prove that Muin's concession lapsed as they assert. Messrs. Strick are also aware of the undertakings given by His Majesty's Government to yourselves and to Messrs. Weir, and have themselves never received or even solicited any promise of support.

If, however, His Majesty's Government were now to comply with your second request by compelling the Persian Government to suspend all further shipments of oxide from Hormuz, they would be assuming the falsity of the contention put forward by the Persian Government just as definitely as they would have assumed its accuracy had they declined to furnish Sir G. Barclay with instructions to make on your behalf the representations referred to earlier in this letter.

Such action would, moreover, involve definite opposition to Messrs. Strick, who, though they have, as above stated, no claim to official support from His Majesty's Government, cannot justly be exposed to official hostility.

Should the Persian Government, through the action of His Majesty's Government, refuse to permit Messrs. Strick to make any further shipment of oxide which, in accordance with any agreement that they may have entered into, they may wish to effect, and should it be subsequently proved (as indeed is highly probable) that the contention of the Persian Government is accurate, the British firm would have, it appears to Sir E. Grey, good grounds for a complaint that their financial and commercial interests had been prejudiced by such action.

I am accordingly to inform you that, in view of these considerations, Sir E. Grey feels unable to comply with your second request.

With reference to the penultimate paragraph of your letter, adducing as evidence in favour of the justice of Muin's concession the fact that he was left in undisturbed possession of the rights which he claims for some time after his concession is asserted by the Persian Government to have expired, I am to point out that an explanation (which may or may not be the true one) of this circumstance was furnished to Mr. Marling last June by Vekil-el-Roaya. This explanation is embodied in Mr. Langley's letter to you of the 8th July, and is to the effect that Muin had been able to profit by the confusion which reigned in Persia at the moment of the expiration

of his concession and which has since continued, and had found means of silencing by intimidation or bribery the few persons who knew the facts.

I am, &c.

LOUIS MALLET.

[45505]

No. 439.

Board of Trade to Foreign Office.—(Received December 17.)

Sir,

Board of Trade, December 16, 1910.

IN reply to your letter of the 10th November, enclosing copy of correspondence in connection with the Muin-ut-Tujjar's concession for mining red oxide at Hormuz in the Persian Gulf, I am directed by the Board of Trade to forward to you the enclosed memorandum in which the principal points raised are discussed so far as they relate to the amount of the claim of Messrs. Weir and Messrs. Ellinger.

The Board are of opinion that it should be possible to arrange a reasonable compromise both (1) as to the disposition of stocks of the oxide held by Messrs. Weir, and (2) as to the amount to be paid by Messrs. Strick on the one hand, and to be received by Messrs. Weir and Messrs. Ellinger on the other. As regards the second point, the 1,000 tons of free oxide assigned in this connection by the Persian Government to Messrs. Strick may be valued at 2,000*l.* f.o.b. Hormuz, while the amount to which the claims of Messrs. Weir and Messrs. Ellinger are probably reducible may be put at about 4,000*l.*

The Board therefore venture to suggest, for the consideration of Sir E. Grey, that the firms should be strongly urged to arrive at a mutual agreement, and that, if necessary, Messrs. Weir and Messrs. Ellinger might be warned that His Majesty's Government can only undertake to continue to support them provided that they show a reasonable readiness to abate all extreme features of their claim; while in regard to Messrs. Strick it might be intimated to that firm the support of His Majesty's Government in any difficulties which may arise in Persia cannot be accorded to them unless they carry out, both in the spirit and in the letter, their obligation to the Persian Government with regard to the claims of Messrs. Weir and Messrs. Ellinger in connection with their contract with the Muin.

I am, &c.

GEO. J. STANLEY.

Enclosure in No. 439.

Memorandum by Board of Trade.

IN considering the proper amount at which the losses of Messrs. Weir and Messrs. Ellinger in respect of the non-continuance of their supplies of red oxide from Hormuz should be estimated, it is desirable to determine, *inter alia*, the average selling value and laying-down cost in Europe of the ore.

(a.) In regard to the average selling value, the data contained in Print 35373 do not appear to be fully adequate to determine the average to within a shilling or two. The details of sales cover only a part of a year, and do not afford sufficient evidence of the propriety of estimating for so large a proportion of the total sales as shown in Enclosure 4 being made at the prices charged to what are practically retail buyers. The assignment of sales approximately in the proportions of the specimen invoices would yield a lower average price than the 73*s.* 8*d.* claimed, and the records of sales for (say) a complete year would appear to be necessary to establish the proper proportion between the sales in large lots at relatively low prices and those in small lots at relatively high prices, as also to establish the proportions in which sales should be taken as realising these prices respectively. The distribution of estimated sale prices in the proportions of the stocks held at Avonmouth and Nordenham does not appear to be fully justified by the papers produced, and further light on the proper proportions to assume in any calculation is needed, such as the records of a complete year's sales might afford.

(b.) With reference to the laying-down cost in Europe, it is assumed in Messrs. Ellinger's calculations (Enclosure 14 in Print 35373) that the freight to

Nordenham and to Avonmouth is the same. Enclosure 15 does not afford any evidence on this point, nor does Enclosure 17, which merely shows that marine insurance is the same on the two voyages. On the other hand, the second of the agreements made with the Muin in 1908 (see No. (2), p. 5, of Print 27228) definitely sets out a higher freight to Nordenham than to Avonmouth, viz., 17s. per ton to the former, 15s. per ton to the latter. Whether such a difference between the two voyages, or an identity in the freight charges be the normal condition of affairs, is not shown by the papers produced, and the point is of importance in determining the proper average cost of the ore in Europe.

Further, port charges at Bristol are dealt with, but those at Nordenham are not fully shown, and, in the absence of definite evidence, it does not appear safe to assume an identity in average weight and landing charges at the two ports, especially as the higher sale prices in Germany raise some presumption of a higher laying-down cost.

(c.) The average gross profit to be reasonably assumed as falling to Messrs. Weir in the absence of any interference with their contract depends on the results of any variation in the estimates of average sale prices and average costs in accordance with the suggestions made above.

It is to be observed that the average sale price at Avonmouth is estimated by them at barely 71s. per ton, and their figures of cost, applying solely to Avonmouth, amount to 60s. 11d. per ton. The average profit thus shown (even with their assumed proportion of sales at the higher price (77s. 6d.)) is but a fraction over 10s. per ton in place of the 12s. 9d. claimed.

They, in fact, appear to be assuming a profit of 17s. 4d. per ton on sales from the Nordenham stock, and this claim should be supported by evidence beyond that hitherto produced.

It is also to be noted that the estimated sales to Messrs. Holzapfel from the Nordenham stock involve the sellers in an outlay for freight to Newcastle (3s. 8d. per ton) over and above the laying-down cost at Nordenham. If those costs were 60s. 11d., the profit on the Newcastle sales would be not 76s. 4d. less 60s. 11d. as shown, i.e., 15s. 5d. per ton, but 11s. 9d. per ton, the laying-down cost at Newcastle being 60s. 11d. plus 3s. 8d. so far as shown.

With reference to the amount of the claim of Messrs. Weir, the oxide in stock affords an offset to claims in respect of costs incurred and ordinary profit on the amount of that stock. The 5,218 tons, the balance of the 18,000 tons secured to Messrs. Weir under their contract, remains to be considered, and if the rate of profit on this should, on closer investigation, be taken at less than the 12s. 9d. per ton claimed, as seems quite possible, the claim on this head would be correspondingly reduced. At 10s. per ton it would be 2,609l. in place of the 3,326l. 9s. 6d. claimed.

With reference to the claim of Messrs. Ellinger, the commission on the balance of the contract actually made with the Muin appears a reasonable claim and forms the first item of their account, 554l. 8s. The remainder of their claim is in respect of the termination of their agency owing to the apparent illegality of the Muin's position. The standing contract was to terminate on the 1st April, 1912. Messrs. Ellinger were thus made aware of the cessation of their agency nearly two years before the expiration of the current term, namely, as early as the 10th April, 1910. Any claim relating to losses arising out of the termination of the agency in 1912 would appear therefore to lack sound basis. In respect of the period between the 10th April, 1910, and the 1st April, 1912, the anticipated commission on the oxide covered by the actual contract between the Muin and Messrs. Weir has been dealt with above. Deliveries beyond this amount must have been in excess of the contract, though Messrs. Ellinger might not unreasonably have expected to secure deliveries to be made through their agency and within the period of the contract to such an amount as they might expect to sell without swamping the market. What would have been the amount of such extra deliveries must be matter of conjecture. Messrs. Strick have by their contract secured 6,000 tons per year, together with an extra 1,000 tons. As their contract was not made till May 1910, the deliveries up to the 1st April, 1912, may be taken at little over 12,000 tons, of which 5,218 tons may be treated as in substitution for the undelivered part of Messrs. Weir's contract. The anticipated extra supplies, the sale of which might have been expected to be made through Messrs. Ellinger's agency had the Muin been able to fulfil his contract, may therefore be taken at about 7,000 tons. As Messrs. Strick have secured their supply at 40s. per ton, a commission at 5 per

cent would amount to 700l. on 7,000 tons, while, if Messrs. Weir's contract price of 42s. 6d. be taken as the basis of computation, the commission would be 743l. 15s.

It may be observed that Messrs. Ellinger claim (Print 35373) that the rate of consumption had been well over 8,000 tons per year in 1909. As Messrs. Strick would be able under their contract to supply only 6,000 tons annually (and a special amount initially of 1,000 tons, against which the cessation of shipments for a month after the 10th April, 1910, must be considered) there would appear to be no adequate reason for a depression of prices injurious to the owners of the ore if Messrs. Weir and Messrs. Strick abstain from an entirely unnecessary competition. If the alleged rate of consumption be maintained, the stocks of both could probably be sold without fully meeting the demand at the prices current in 1909.

It may further be observed that the price of 40s. at which Messrs. Strick secure the ore, as compared with 42s. 6d. the price charged Messrs. Weir, appears to cover the commission which, in the latter case, was a deduction from the yield to the Muin. After meeting Messrs. Ellinger's 5 per cent., the Muin netted 40s. 4½d. per ton. In the absence of information as to division of weighing charges between Messrs. Strick and the Persian Government, it cannot be precisely determined whether the latter receives net even so much as 4½d. per ton less than the Muin contracted for with Messrs. Weir.

The allowance of 1,000 tons free made by the Persian Government to Messrs. Strick would appear to provide the source from which this firm can cover the obligation into which it entered, to accept responsibility for any lawful claim on the part of Messrs. Weir and Messrs. Ellinger.

SUMMARY of Estimated Losses on the Basis of the Foregoing.

	£	s.	d.
Messrs. Weir's loss of profit on 5,218 tons, if taken at 10s. per ton (see above)	2,609	0	0
Messrs. Ellinger's loss of commission on 5,218 tons at 5 per cent. of 42s. 6d.	554	8	0
Possible further loss of commission on about 7,000 tons at 5 per cent. of 42s. 6d.	743	15	0
	£3,907	3	0

Subject to variation on examination of a year's accounts, and to abatement by a compromise on the last item.

[45597]

No. 440.

India Office to Foreign Office.—(Received December 17.)

Sir,

India Office, December 16, 1910.

WITH reference to Sir A. Godley's letter of the 25th June, 1909, regarding the question of reducing expenditure on consular establishments in Persia, and to your letter dated the 1st February, 1910, as to the proposed reduction of His Majesty's consulate at Turbat-i-Haidari to a native agency, I am directed by the Secretary of State for India to enclose copy of a secret letter from the Government of India reporting the action taken by them at Meshed and Turbat-i-Haidari respectively.

It will be seen that the cost of the consulate-general at Meshed has been reduced from 1,52,410 rupees (10,160l. 13s. 4d.) to an estimated sum of 1,08,340 rupees (7,222l. 13s. 4d.), representing an estimated saving of 44,070 rupees (2,938l.) a-year, and that the saving resulting from the substitution at Turbat-i-Haidari of a native agency for a consulate is estimated to amount to 88,560 rupees (5,904l.) a-year.

In the opinion of the Earl of Crewe the reduction of expenditure at these two places may be regarded as very satisfactory, and he would propose, subject to the concurrence of Secretary Sir E. Grey, to inform the Government of India that His Majesty's Government approve the reduced scale.

The saving to His Majesty's Treasury will then be 4,421l. a-year, a fact which strengthens the case for the proposal (made in Mr. Campbell's letter of the 2nd September) for a contribution of 1,000l. towards the appointment of military attaché at Meshed.

A further communication will be made to you when the report of the Government

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of India regarding Seistan and the consulates and agencies under the Bushire Residency has been considered. It is understood that the reductions proposed at these posts may amount to about 7,000l. a-year.

I am, &c.
R. RITCHIE.

Enclosure 1 in No. 440.

Government of India to Viscount Morley.

My Lord,

Simla, November 3, 1910.

WE have the honour to refer to your Lordship's secret despatch No. 2, dated the 8th January, 1909, requesting us to scrutinise in detail the various items connected with expenditure on consular establishments in Persia, and to furnish a report on such economies as it might be possible to effect.

2. In our foreign despatch No. 168, dated the 23rd December, 1909, we informed your Lordship of the proposed substitution of a native agency at Turbat-i-Haidari for the consulate formerly existing at that place. The saving resulting from this measure, which has now been carried into effect, amounts to 88,560 rupees, as shown in the accompanying statement (A).

3. A very substantial reduction has also been effected in the cost of the Meshed consulate-general, which we have reduced from 1,52,410 rupees, the budget figure for 1909-10, to 1,08,340 rupees,* making a saving of 44,070 rupees a-year. The details of the economies effected will appear from the accompanying comparative statement (B).† The main items are:—

			Saving.
			Rupees.
Abolition of the appointment of accountant	..	..	1,770
Reduction of 2 hospital assistants	..	..	2,100
" of escort from 24 to 15	..	..	3,882
" of Dak sowars from 28 to 8	..	..	7,600
" of menial establishment from 15 to 11	..	..	892
" under "Supplies and Services"	..	..	13,370
" under "Contingencies"	..	..	6,280

4. These reductions, which have been directed after very careful consideration, represent, in our opinion, the limit to which it would be wise to push economy at the present moment, and we trust that the reduced scale will be approved by His Majesty's Government.

5. Proposals for a considerable reduction of expenditure in Seistan and in the consulates and agencies under the Bushire residency are still under examination, and the result will be reported shortly.

We have, &c.
MINTO.
S. P. SINHA.
J. L. JENKINS.
B. ROBERTSON.

* This excludes the sum of 3,660 rupees provided for the native agent at Turbat—a new charge resulting from the abolition of the Turbat-i-Haidari consulate.

† Not printed.

Enclosure 2 in No. 440.

STATEMENT (A), showing the saving effected by the abolition of the Consulate at Turbat-i-Haidari.

Budget Head.	Present Scale as in Budget Estimates for 1909-10.	Revised Scale.	Remarks.
25. Political— Charges on North-West Frontier (Turbat-i-Haidari)—	Rupees.	Rupees.	
Salaries	24,410	Nil	
Establishment	27,030	3,660*	
Allowances	4,510	Nil	
Supplies and Services	25,250	"	
Contingencies	8,350	"	
Durbar presents and Toshakhana	2,500	"	
Contingencies		"	
32. Miscellaneous	120	"	
Total	92,220	3,660*	Saving 88,560 rupees.

* Provision for this appointment is included in the estimates of the consulate-general at Meshed (vide statement (B)).†

[45583]

No. 441.

Anglo-Persian Oil Company to Foreign Office.—(Received December 17.)

*Winchester House, Old Broad Street, London,
December 16, 1910.*

Sir,

I UNDERSTAND that the Indian Government have under contemplation the removal to India of Lieutenant Ranking, the present consul at Ahwaz.

This gentleman has given the company much valuable assistance in the past, and my board would feel very much obliged if the Indian Government could see their way to delaying his transfer from Ahwaz until after February next, when it has been arranged that the question of land compensation will be settled with the Bakhtiari khans, as his familiarity with the question and his knowledge of what transpired at the abortive meeting which was held in February last will, my board think, very materially aid the company in arriving at a satisfactory settlement at the approaching meeting.

As you are, I believe, aware, two directors of the company (including myself) are proceeding to Persia next week for the purpose of settling a number of outstanding questions connected with the company's operations, among which is the one referred to above, and it is needless to say that it will be of material assistance to us to be able to avail ourselves of the advice and co-operation of an official who has been intimately connected with the various outstanding questions, and who is well acquainted with the personality and views of the khans, rather than have to rely upon one who may be new to the country or to the district.

My board would therefore feel obliged if you could see your way to sending a telegram to the Indian Government recommending that Lieutenant Ranking should not, unless for very strong reasons, be transferred until the above negotiations have been completed.

I have, &c.
C. GREENWAY,
Managing Director.

[45603]

No. 442.

India Office to Foreign Office.—(Received December 17.)

Sir,

India Office, December 16, 1910.

I AM directed by the Secretary of State for India to acknowledge receipt of your letter, dated the 25th November, 1910, transmitting copy of a communication from the

Not printed.

Imperial Bank of Persia regarding the payments due from the Persian Government in respect of the Anglo-Indian loan.

The Earl of Crewe observes with satisfaction that the arrangement laid down in the agreement of the 26th May, 1910, whereby monthly payments were to be made to the bank of the receipts of the southern customs, is now working regularly, and that this Office will shortly be credited with the sums due to it.

It is in accordance with past correspondence* and clause 9 of the agreement that these sums should be credited month by month, and not at the end of each year.

In reply to the bank's request, a table of amortisation of the Anglo-Indian loan (314,281l. 16s. 4d. on the 21st March, 1910), in respect of the period from the 21st March, 1913, to the 20th March, 1928, is herewith forwarded.

I am, &c.
R. RITCHIE.

Enclosure in No. 442.

TABLE of Amortisation respecting the Persian Loan.

Amount of 30,278l. 12s. 7d.

Year commencing March 21—	Principal Outstand- ing at Beginning of Year.	Principal Redeemed by Payment for the Year.	Interest for Year.
	£ s. d.	£ s. d.	£ s. d.
1913	314,281 16 4	14,564 10 9	15,714 1 10
1914	299,717 5 7	15,92 15 4	14,985 17 3
1915	284,424 10 3	16,057 8 1	14,221 4 6
1916	268,367 2 2	16,860 5 6	13,418 7 1
1917	251,506 16 8	17,703 5 9	12,575 6 10
1918	233,803 10 11	18,588 9 0	11,690 3 7
1919	215,215 1 11	19,517 17 6	10,760 15 1
1920	195,697 4 5	20,493 15 4	9,784 17 3
1921	175,203 9 1	21,518 9 1	8,760 3 6
1922	153,685 0 0	22,594 7 7	7,684 5 0
1923	131,090 12 5	23,724 2 0	6,554 10 7
1924	107,366 10 5	24,910 6 1	5,368 6 6
1925	82,456 4 4	26,155 16 4	4,122 16 3
1926	56,300 8 0	27,463 12 2	2,815 0 5
1927	28,836 15 10	28,836 15 10	1,441 16 9
Total .. ..	..	314,281 16 4	..

[45620] No. 443.

Sir G. Barclay to Sir Edward Grey.—(Received December 17.)

(No. 502.)
(Telegraphic.) R. *Tehran, December 17, 1910.*

OWING to disturbances on Gaudan[sic]-Meshed road, Russian Minister, on the recommendation of his consul-general, in which His Majesty's consul-general concurs, has asked the Russian Government to station 50 Cossacks at Kuchan and to hold 100 more in readiness to cross if necessary.

[45614] No. 444.

Sir Edward Grey to Sir G. Buchanan.

(No. 710.)
(Telegraphic.) P. *Foreign Office, December 17, 1910.*

THE Persian Government having decided to ask for the services of two Frenchmen as advisers in Ministries of Justice and Interior, the Persian Minister at Paris has

* *Vide* India Office letter to Foreign Office, May 5, 1910.

made an official application to the French Government. I should like to know the views of the Russian Government, in view of the possibility of the German Government making representations similar to those on occasion of desire to appoint French assistants to M. Bizot.

[45621] No. 445.

Sir G. Barclay to Sir Edward Grey.—(Received December 18.)

(No. 503.)
(Telegraphic.) R. *Tehran, December 18, 1910.*

YOUR telegram No. 361 of 14th December: Robberies near Shiraz.
Robbery referred to occurred a month ago. Persian Government instructed Soulet to pursue robbers and recover goods. Nothing has been recovered yet. I shall in due course present a claim.

Dixon's loss is estimated at 3,750 tomans.

[45622] No. 446.

Sir G. Barclay to Sir Edward Grey.—(Received December 18.)

(No. 504.)
(Telegraphic.) R. *Tehran, December 18, 1910.*

YOUR telegram No. 360 of 13th December.
Russian Government have asked the Russian Minister's views as to the extension of the Persian Transport Company's road, and he has replied that he sees no objection, on the understanding that the concession does not carry with it any preferential rights of railway construction in the districts within Russian sphere.

Sir G. Buchanan informed.

[45619] No. 447.

Sir G. Buchanan to Sir Edward Grey.—(Received December 18.)

(No. 336.)
(Telegraphic.) P. *St. Petersburg, December 18, 1910.*

PERSIA. Your telegram No. 710 of the 17th December.
In reply to my enquiry, M. Sazonow informs me in a private letter that he had already been informed by the French Ambassador of Persia's application for two French advisers. He had tried to explain to M. Louis his fears that the German Government might also endeavour to send Germans to Tehran as advisers.

[45631] No. 448.

Sir G. Barclay to Sir Edward Grey.—(Received December 19.)

(No. 206.)
Sir, *Tehran, November 9, 1910.*

I HAVE the honour to forward copy of a despatch which has been addressed to the Government of India by His Majesty's consul-general at Bushire, forwarding copy of a despatch from His Majesty's consul at Mohammerah, recommending the permanent maintenance of an escort of four men for the consulate at Mohammerah.

You will notice that Lieutenant-Colonel Cox supports Lieutenant Wilson's recommendation, and I venture to express the hope that it will receive favourable consideration.

It is, I think, very desirable that His Majesty's consul at Mohammerah should continue to enjoy the facilities for touring in his district which the escort now affords; moreover, apart from reasons of convenience, it seems to me that it would be altogether inconsistent with the value which we attach to our relations with the sheikh that our consulate at Mohammerah should, alone among our consulates in Southern Persia, be without a consular escort.

I have, &c.
G. BARCLAY.

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Enclosure 1 in No. 448.

Lieutenant-Colonel Cox to Sir G. Barclay.

(No. 62.)

Sir,

Bushire, September 27, 1910.

I HAVE the honour to forward herewith, for your Excellency's information, a copy of a despatch which I have addressed to the Government of India in the Foreign Department regarding the permanent retention of the sowar escort of His Majesty's consulate, Mohammerah.

I trust my proposals will have your Excellency's support.

I have, &c.

P. Z. COX.

Enclosure 2 in No. 448.

Lieutenant-Colonel Cox to Government of India.

(Confidential.)

Sir,

Bushire, September 25, 1910.

I HAVE the honour to refer to the correspondence ending with Foreign Department telegram dated the 12th August, 1910, on the subject of the retention of the sowar escort at the Mohammerah consulate and to submit proposals for its permanent retention.

2. The four men now forming the escort were originally part of the detachment of twenty men provided for the protection of the Anglo-Persian Oil Company's camps in December 1907. On orders being issued for the return of the guard to India, permission was accorded for the retention of four of them for the use of Lieutenant Wilson, then about to proceed on special duty in connection with the examination of the Kerkhah irrigation scheme, in consultation with Sir William Willcocks. This duty had hardly commenced when the instructions of His Majesty's Government for the transfer of the Mohammerah consulate to the Government of India were received and Lieutenant Wilson was placed in temporary charge of the post, with instructions to submit proposals for the upkeep of the consulate as a Government of India appointment. In making his recommendations in his letter of the 1st July, 1909, he included the provision of an escort of six sowars and one duffadar, and explained the grounds on which he did so. These were generally endorsed by me in my letter dated the 31st July, 1909, forwarding the scheme to the Government.

3. In reply to that letter, I was informed in Foreign Department telegram of the 3rd September, 1909, that changes in the system of upkeep of establishments in Persia might be necessary and might have to be considered as a whole; that the proposals for Mohammerah as compared with the charges under the previous régime seemed excessive, and temporary arrangement should be suggested for carrying on the consulate until the general question had been examined and conclusion arrived at. In making these *ad interim* proposals it was clearly necessary, as far as possible, to arrange for the carrying on of the consulate for the time being from resources already available, and it was thus that the strength of the proposed escort was left at four, the number of the men actually present. Later, in submitting a scheme of general reduction with my letter of the 6th August, 1910, in view of the imperative necessity for strict economy which had been impressed upon me, the strength of the escort was again placed at four instead of six, as originally advocated.

4. The Government of India now remind me that sanction had only been accorded for the retention of the four men on a temporary basis, and direct me to make fresh proposals if they are needed after December next. I am decidedly of the opinion that the provision of this small escort as a permanency is advisable and necessary for the reasons and considerations explained by His Britannic Majesty's acting consul after a year's experience of the post, reasons which I fully endorse. If the Government of India are to continue to derive full advantage from the change of régime, which in the past year has been considerable and apparent, they must be prepared to give their representative the opportunities possessed by other consuls in Persia for touring when opportunity offers, and I should greatly deprecate a reversion to a condition of things under which our consul at Mohammerah confines himself to the petty affairs of the port, and we remain in ignorance of the geography, resources, and people of the outlying ports and districts of the sheikh's territory.

5. I trust that the Government of India will consider that the grounds for

permanent retention are cogent, and will be pleased to advise His Majesty's Secretary of State in that sense.

I am forwarding a copy of this communication to His Majesty's Minister, and feel confident that the recommendations made above will have his support.

I have, &c.

P. Z. COX,

Political Resident in the Persian Gulf.

Enclosure 3 in No. 448.

*Lieutenant Wilson to Lieutenant-Colonel Cox.**Mohammerah, September 13, 1910.*

I HAVE the honour to reply to your letter of the 14th August, forwarding a copy of Foreign Department telegram of the 12th August.

I beg to state in reply thereto that I consider the retention of an escort of the present strength at Mohammerah most desirable, for the following reasons:—

2. Without a small mounted escort it is almost impossible for His Majesty's consul to tour in the province of Arabistan, to which he is accredited, and in which he is required to push British trade. The principal trade centres, Dizful, Shuster, and Ram-Hormuz, are distant six, five, and fourteen days respectively from Mohammerah (the river steamers being used as far as Ahwaz).

3. The previous incumbent of this post who was appointed by the Foreign Office never visited Dizful or Ram-Hormuz during fifteen years of his tenure of the consulate, and only once entered Shuster. Though it was laid down that commercial affairs were to be his special concern, he had never seen the minor ports of Buzi, Mashur, and Hindijan. In 1908 he received permission to tour with a view to acquiring information that might be of assistance to British commerce, but owing in large measure to difficulties caused by the absence of any Indian escort, he was never in a position to take advantage of the sanction granted to him.

4. If the Government of India desire the incumbent of this consulate to confine his activities solely to Mohammerah and to make no attempt to gain a first-hand knowledge of the commercial and racial characteristics of his districts, a mounted escort is no doubt superfluous and may be dispensed with. If, on the other hand, a consul is intended to tour and make himself acquainted at first hand with local problems, it is essential that he should be provided with one.

5. Without a mounted escort it is impossible to move at short notice or with expedition. It is necessary for the officer to accompany his own caravan and to rely for his protection upon local Arab guards. The latter generally decline to proceed beyond the limits of the sheikh's jurisdiction, and the traveller thus finds himself abandoned just as he reaches the danger zone, the no-man's-land on the boundary between the sheikh's territories and those under the Governor of Arabistan.

6. The provision of escorts to His Majesty's consuls in Persia has hitherto been part of the settled policy of Government, and I would submit that there is nothing to justify a departure from precedent in the case of Mohammerah.

7. There is another factor peculiar to this post which has recently come into prominence. The oil company's activities have led to a great increase in the number of British Indians registered here; no less than 350 such are now on the consulate books, and I confidently expect this number to be doubled during the next twelve months. Some 200 are working within a few miles from Mohammerah at the refinery, and it is already clear to me from their attitude that I shall be called upon before long, and not infrequently, to exercise consular jurisdiction in respect of them. The remainder are elsewhere in Arabistan, and their numbers are likewise increasing, and it is probable that similar trouble in connection with them will arise.

8. A small escort would be of the greatest use in dealing with such cases both to arrest and confine British Indians, keep watch over the prison which will soon have to be built here, and generally to act as police. Were their activities solely confined to Mohammerah infantry might be substituted for cavalry, but I would urge that the latter be retained, because they can be utilised for touring purposes also, and because their mobility trebles their value.

9. I would conclude by pointing out that the oil company has already invested nearly 750,000*l.* in the oil fields on the border of Arabistan, and that they are

completely dependent for oil upon the pipe-line which runs for 100 miles through the sheikh's territory. Our actual interests in this province, which are still in their infancy, thus represent far more capital than all other British enterprises in Persia combined. This being so, it is, I submit, most undesirable to deprive His Majesty's consul of any legitimate means of upholding his own authority and position.

[45632]

No. 449.

Sir G. Barclay to Sir Edward Grey.—(Received December 19.)

(No. 208.)

Sir,

Tehran, November 12, 1910.

I HAVE the honour to submit for your consideration and advice a case which has recently arisen between the Imperial Bank of Persia and Haji Mohammad Dehdasty, Muin-ut-Tujjar, and which has been the subject of correspondence between this legation and the Persian Government.

The bank claims from Muin the sum of 41,000 tomans, plus interest, based on two promissory notes guaranteed by Haji Amin-es-Zarb. The first note reads:—

"I owe the Imperial Bank of Persia 15,000 tomans, which I promise to repay six months from this date.

(Signed and sealed)

"HAJI MOHAMMAD DEHDASTY.

"July 19, 1908."

The second note is as follows:—

"I owe the Imperial Bank of Persia the sum of 26,700 tomans, which I promise to repay six months from this date, with interest at the rate of 15 per cent. per annum.

(Signed and sealed)

"HAJI MOHAMMAD DEHDASTY.

"September 15, 1908."

Proceedings were taken by the bank against Muin before the Foreign Office tribunal. Muin first of all argued that as his guarantor had received the money he ought to pay the bank. This argument was rejected, and Muin then invoked article 10 of the bank's concession, which runs:—

"In case of difference arising between the Persian Government and the bank, or between the bank and private individuals, each party shall appoint one or two arbitrators; from the decision of such arbitrator or arbitrators there shall be no appeal."

The bank contends, and I have supported its contention, that this article does not deprive it of the right to take legal proceedings, if and when necessary, to protect its interests and to recover its money, and that article 10 was drawn up to meet cases in which there is a difference of law or banking usage. No such points of law or banking usage arise in the present case, as Muin has accepted both bills, and it is indisputable by law and banking usage that acceptances of this nature are payable by the acceptor.

It has hitherto always been the custom for the bank to seek to recover its claims through the Foreign Office tribunal, and article 10 has never before been invoked in such cases. It is now, however, extremely probable that it will be frequently invoked both in civil and criminal cases, and I should therefore be glad to learn whether I have your approval in supporting the bank's interpretation of the article in question.

I have, &c.

G. BARCLAY.

[45633]

No. 450.

Sir G. Barclay to Sir Edward Grey.—(Received December 19.)

(No. 210.)

Sir,

Tehran, November 18, 1910.

WITH reference to my despatch No. 205 of the 3rd instant, enclosing the Persian Government's reply to my note of the 14th October, I have the honour to transmit herewith copy of the note which, in obedience to the instructions contained in your

telegram No. 340 of the 15th November, I addressed to the Persian Government on the 17th instant on the subject of the restoration of order on the Bushire-Ispahan road.

I have, &c.

G. BARCLAY.

Enclosure in No. 450.

Sir G. Barclay to Persian Government.

M. le Ministre,

Tehran, November 17, 1910.

I HAVE the honour to acknowledge your Excellency's note of the 21st ultimo.

In replying to this communication I do not deal with your Excellency's references to the presence of foreign troops in Persia, as I consider these references to be irrelevant to the matter with which I am now specially concerned, viz., the outrages and depredations of tribesmen on the southern trade routes.

Your Excellency points to the increase in the total volume of Persian trade for 1909-10 (Takhaghoul) as compared with the year 1908-9, and to the further increase which has marked the first five months of the current year, but I must point out that the increase observable in 1909-10 applied, as can be seen from the customs returns, to the north and not to the south. In particular it will be seen that the Bushire customs receipts for last year were much lower than 1908-9, just as in 1908-9 they were much lower than in the preceding year.

As regards the increase during the first five months of the current year it is true that the southern customs share in this increase, but it should be remembered that this year's harvest has been exceptionally abundant, and that the first five months of last year with which comparison is made included the period during which Bushire was in the power of Seyyid Murteza and his tangistanis, and I would draw your Excellency's attention to the fact that notwithstanding this the Bushire receipts only show an increase of some 12 per cent.

But whatever may be the statistics of trade for the past months, it cannot be denied that certain of the southern roads are practically impassable. This especially refers to the main southern trade route connecting Bushire with Ispahan, the district on the confines of the provinces of Fars and Ispahan being in a state of indescribable disorder, and though traffic between Bushire and Shiraz has not latterly been entirely stopped, it has only been able to pass by an inconvenient and circuitous route where merchandise is subjected to extortionate and illegal fees, and only by the sufferance of a tribal chief who is not under full control of the Government.

There can, indeed, be no hope of any lasting revival of trade so long as the present anarchy continues on these southern roads, and it was with a view to securing for this deplorable state of things a remedy to be applied if possible by the Persian Government, but if necessary with the assistance of British officers lent from the Indian army to the Persian Government, that I have addressed your Excellency on the subject. It could not be contended that the above measures would constitute any infringement of the sovereign rights of Persia, as the officers lent from the Indian army would take service under the Persian Government.

As regards the 10 per cent. surcharge on the import duties on goods passing through the southern customs, I am to state that His Majesty's Government can only agree to this charge on condition that the proceeds are spent effectively on securing the safety of the southern trade routes. The scheme foreshadowed in my note of the 14th October for the organisation of a Persian force with British officers would satisfy this condition.

I avail, &c.

G. BARCLAY.

[45636]

No. 451.

Sir G. Barclay to Sir Edward Grey.—(Received December 19.)

(No. 214.)

Sir,

Tehran, November 20, 1910.

SHORTLY after the news reached Tehran of the meeting held some weeks ago at Constantinople to protest against the action of England and Russia in Persia, an attempt was made to organise a similar demonstration here. An anonymous circular

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was widely distributed, calling on all true patriots to meet on the 17th November in the Artillery Square to demonstrate against the continued presence of Russian troops, and against the British note respecting the condition of the South. At the appointed time a few hundred persons having assembled, the principal mujtehed declared the proceedings opened, and several speakers proceeded to address the audience on the subject of Persia's alleged wrongs. The action of England and Russia was characterised by the various speakers as directed towards the termination of Persia's independence, and the conviction was expressed that the attitude adopted by His Majesty's Government towards this country by no means affected the sympathetic feelings of the British nation towards Persia. The meeting, however, did not evoke much patriotic enthusiasm among the somewhat indifferent gathering, and though the local press has endeavoured to make much of it as a great popular demonstration, it seems to have been a complete failure.

There seems little doubt that the whole thing was organised by the local journalistic leaders, perhaps encouraged by the militant Nationalist element in the Assembly, as they have been extremely noisy of late in their attacks on Russia and England, especially since the publication of my note of the 14th October, respecting the southern roads.

The suggestions which have been made, not only in the German press but in such papers as the "Daily News," the "Daily Graphic," and the "Manchester Guardian," as to the recent note being the forerunner of the partition of Persia by Great Britain and Russia have not fallen unheeded in this country. The articles have been translated and published in full, while the comments thereon have, in some cases, been even more exaggerated than those which appeared in the English papers above-mentioned.

As a natural corollary to the anti-British and anti-Russian clamour now prevailing, the local press contains frequent references to the possibility of inducing Germany, by the grant of concessions or other means, to take a greater interest in Persia.

An open letter has also appeared in the local press from the chief priests of Nejeft to the foreign representatives at Tehran, in which a fervent appeal is made to justice and honour against the supposed aggressive aims of Great Britain and Russia.

I have, &c.

G. BARCLAY.

P.S. November 23.—Since I wrote the above, my note of the 17th instant has been communicated by the Minister of Foreign Affairs to the press, which has been quick to notice its milder tone, which it ascribes to His Majesty's Government being obliged, owing to the unanswerable considerations urged in the note from the Persian Government, to realise its error and abate its severity.

G. B.

[45638]

No. 452.

Sir G. Barclay to Sir Edward Grey.—(Received December 19.)

(No. 216.)

Tehran, November 24, 1910.

Sir,

I HAVE the honour to report that on the 14th October last a caravan was looted at Kashan by Naib Hussein and his followers, a large portion of the stolen goods being British property.

I am aware that His Majesty's Government do not regard a Government as liable for damage done by insurgents in armed insurrection against a Government unable to control them (see pp. 207 and 208 of the General Consular Instructions) unless the Government pays compensation either to its own subjects or to other foreigners in similar cases.

Naib Hussein was undoubtedly at the time of the robbery in armed insurrection against the Persian Government, which was clearly unable to control him. The Persian Government will certainly plead *force majeure*, and so far the American and Dutch Legations, which are also interested, have put in no claim.

Possibly the fact that Naib Hussein's revolt was due to private grievances rather than to any fixed purpose to establish a new Government may be held by His Majesty's Government to differentiate the present case from cases to which the above ruling is meant to apply. In any case, the line between insurgents and robbers in Persia is so fine that it might form an inconvenient precedent to put in no claim in the present

case, and in the circumstances I would propose, subject to your approval, to present one for the sworn value of the British goods seized.

I have, &c.

G. BARCLAY.

[45639]

No. 453.

Sir G. Barclay to Sir Edward Grey.—(Received December 19.)

(No. 217.)

Sir,

Tehran, November 24, 1910.

I HAVE the honour to forward the accompanying copy of a despatch from His Majesty's acting consul at Shiraz. As you will notice, Mr. Smart's recommendations are based on the assumption that my note of the 14th October regarding the southern roads accurately described the intentions of His Majesty's Government in regard to the policing of the Bushire-Ispahan road—a misapprehension which I have since corrected.

But though Mr. Smart's despatch was written under a misapprehension, I venture to forward it, as it contains an interesting exposition of the present situation in Fars, from the pen of one who believes that the best course for the Persian Government would be to remove Soulet-ed-Dowleh from his position as Ilkhani of the Kashgais, a view which, though held by Sardar Assad, is not shared by the Persian Government.

I have informed Mr. Smart, in reply to this despatch, that in the circumstances I do not propose to interfere in the Persian Government's relations with Soulet.

I have, &c.

G. BARCLAY.

Enclosure in No. 453.

Acting Consul Smart to Sir G. Barclay.

(No. 45.)

Sir,

Shiraz, October 25, 1910.

WITH reference to my despatch No. 34 of the 25th July last and previous correspondence regarding our attitude in the question of Soulet-ed-Dowleh, I venture to suggest, for the consideration of yourself and Colonel Cox, that the moment has now come when we can, with advantage, depart from our policy of neutrality in Fars politics.

I understand from your telegram No. 72 of the 15th instant that His Majesty's Government are now prepared to take effective measures to ensure a reasonable amount of security on the telegraph route from Bushire to Ispahan, should the Persian Government fail to restore order along that route within three months. That being the case, the main reason, as far as the interior of Fars is concerned, for our refraining from throwing our moral influence openly into the scale against Soulet-ed-Dowleh would seem no longer to exist. I have hitherto deprecated our declaring ourselves openly against him for the obvious reason that, if, after we had done so, the Persian Government had not suppressed him, our position in Fars would have been extremely awkward, even dangerous. If, however, we are ready, in case of necessity, to take adequate measures to ensure security along the the highway of our trade for the conveyance of our merchandise, for the passage of our travellers, and for the employés and wires of the Indo-European Telegraph Department, we can, it would seem, view with equanimity the hostility of Soulet-ed-Dowleh, as far as the interior of Fars is concerned.

I have long ago expressed my opinion that the suppression of Soulet-ed-Dowleh is imperative for the restoration of order in Fars. Time has only strengthened me in this belief, and I venture now to offer a few observations on the general situation, with a view to emphasising the incompatibility of order in Fars generally, and on the Bushire-Ispahan telegraph route particularly, with the maintenance of Soulet-ed-Dowleh.

The root of the evil in Fars is the enmity existing between the Kawamis and the Ilkhani of the Kashgais. It is this enmity which has caused both parties to incite their respective followers to create disturbances at different times and at different places, with the object of damaging each others position. Having once ordered their tribesmen to plunder for particular objects, it became very difficult to prevent them from plundering indiscriminately. Hence the present situation with the tribes no longer under the control of their chiefs, who, from fear of each other, dared not take energetic measures

to chastise their rebellious followers. The interests of the two parties are so conflicting that a practical reconciliation is, I fear, now impossible. Last May by reducing Soulet-ed-Dowleh to a position of absolute subordination, and by assuring the Kawamis that the Government was on their side, it might have been possible to retain and compel both parties to co-operate with the Government for the restoration of order. Now, however, the conflict between the interests of the two parties has been so much aggravated that it can only be satisfactorily settled by the suppression of one or the other.

If this vital problem of the strife between the Kawamis and the Ilkhani of the Kashgais is solved in a sense favourable to the authority of the Government, the question of the Kuhgelus and the many other turbulent marauders can be settled without considerable difficulty.

As you are aware, I came to Fars strongly prejudiced against Kawamis and in favour of Soulet-ed-Dowleh. Local study of the situation, however, convinced me that the views I had brought with me from Tehran were erroneous. I came to the conclusion that the interests of Soulet-ed-Dowleh were directly opposed to the re-establishment of the Government's authority in Fars, and that the interests of the Kawamis, on the contrary, were at present identical with those of the Government. The Kawamis are townsmen, and the authority they exercised over the Khamseh tribes was in the nature of a governorship rather than of a chieftainship. Indeed, the official title of the head of the Khamseh tribes is "hakim" (governor), not "ilkhani" (chief of tribe), as in the case of the head of the Kashgais. The authority of the Kawamis over their tribes, therefore, generally increased or declined with the strength or weakness of the Government. The position of the Soulet-ed-Dowleh is quite the reverse. He is a tribesman, and his power increases with the weakness of the Government and declines with its strength. The above explanations will perhaps suffice to show why the Kawamis must be in favour of, and Soulet must object to, a strong Government in Fars. In other words, disorders in Fars suit the latter, and are very detrimental to the former.

Turning from these general considerations to the particular question of the security of the Bushire-Ispahan telegraph route, it is again evident that the interests of Soulet-ed-Dowleh are directly opposed to the restoration of order on that road. His net revenues from tolls levied on caravans, and from the difference between the amount realised by the sale of his cereals under normal conditions, and the increased amount realised by their advantageous sale on the spot to muleteers using the Firuzabad, Jirreh, and Sarhad routes during the year cannot be less than 100,000 tomans annually. This sum represents his net profits; the guards are not paid by him, but collect their perquisites separately from the muleteers. It would require a very wise man to forgo, without compulsion, this large revenue in the interests of general order and the development of trade. Soulet-ed-Dowleh has shown that he is not such a man, and the present state of the telegraph route from Bushire to Shiraz, and from Abadeh to Aminabad, is directly due to him; in fact, it is probable that some of the disorder prevailing on the telegraph route between Shiraz and Abadeh may be traced to his instigation. In short, it is to Soulet-ed-Dowleh's interest that the telegraph route from Bushire to Shiraz should be always unsafe, and that the telegraph route from Shiraz to Ispahan should be unsafe during the summer months, in order that caravans should be forced to use the Firuzabad, Jirreh, and Sarhad routes according to the season. For instance, the attack on Mr. Passek was almost certainly instigated by Soulet-ed-Dowleh for the achievement of the above objects.

It is now necessary to consider the chances of a restoration of order in Fars by the Persian Government with reference to the question of Soulet-ed-Dowleh. I came to Shiraz last March, believing that the situation in Fars was practically desperate. Local study of the situation convinced me that this was not yet the case. I saw that there were in Fars various elements which could be successfully utilised by a strong, astute governor-general for the restoration of order. In appreciation of local situations in Persia, we are perhaps apt to overlook the inherent divisions which disunite the elements of disorder and often enable a weak Government to re-assert its authority. The hosts of Kashgai sowars, the bands of hardy Boir Ahmedi riflemen, the many thousands of other armed and rebellious tribesmen—all these are frequently cited to demonstrate the impossibility of order being re-established by a Government which possesses no efficient army. These conditions, however, have existed for years and years; the only new factor is the debilitation of the Government owing to its financial difficulties and the blow struck at authority by a revolutionary movement. In other words, the Government is much weaker than formerly, but the divisions among the

elements opposed to it are as acute as ever. It was mainly this fact which made me think last April that the situation still admitted of a native settlement. I venture to think that subsequent events justified my qualified optimism. By the end of May the situation had suddenly changed for the better, and the Government were in a winning position. Unfortunately, the removal of Sardar Assad from the Ministry of the Interior at the critical moment; the reversal, mainly owing to reasons unconnected with Fars, by Sipahdar of his predecessor's wise policy, and the incredible incompetence of Zafar-es-Sultaneh, not only wantonly lost the Government all the ground they had gained, but so increased the strength and audacity of the elements opposed to the Government, so weakened and disorganised the elements available for support of the Government, so discredited the already waning authority of the Government, that the situation has now become almost desperate.

Last May it would have been quite easy to overthrow Soulet-ed-Dowleh; it will now be much more difficult. Last May, after overthrowing Soulet-ed-Dowleh, the Government could have brought about a general restoration of order in Fars without great difficulty.

Now, even if Soulet-ed-Dowleh be overthrown, the Government will experience considerable trouble in bringing about a general restoration of order, for the reason that the Kashgais are no longer under the control of their chiefs, and the little authority still possessed last May over the Khamseh tribes by the Kawamis, has been almost destroyed. Nevertheless, although I fear I am almost alone among Europeans to hold this belief, I still think that, in spite of the weakness of the Government and the aggravation of the situation during the last six months of suicidal madness, there is just a chance of a native settlement. That settlement, however, can, in my opinion, only be satisfactorily effected by the overthrow of Soulet-ed-Dowleh. I can think of no combination or combinations by which the Persian Government could now retain Soulet-ed-Dowleh and yet bring about a general restoration of order in Fars as an integral part of the Persian Empire. Even if the Persian Government, in desperation, decided to hand over Fars altogether to the tender mercies of this Turkish nomad and content itself with a vague suzerainty over the province, which is the home of the Persian race and language, I doubt whether Soulet-ed-Dowleh, even if he had the wisdom to rest satisfied with this local domination, which is more than doubtful, could restore order and govern Fars beneficially. The chiefs of the Kashgais are very ignorant men; they have not even the veneer of civilisation and statecraft which has enabled some of the Bakhtiari khans to occupy important administrative posts without discredit.

Of course, ignorant tribesmen in Persia have in the past often shown themselves capable even of founding empires, but Soulet is certainly not such a man. He has disappointed his staunchest partisans; although he started with the majority of the population of Shiraz on his side, he has now not a single respectable friend in the town. Perhaps his youth and the novelty of his grandeur are responsible to some extent for his lack of wisdom and statesmanship. Experience might improve him, but I doubt it. He is, on the admission of his own partisans, avaricious, devoid of the power of attraction, deficient in courage and enterprise. Lacking all the qualities of a ruler of men, he is not, I think, capable of prudently protecting his interests in co-operation with the Government or of playing satisfactorily the part of a semi-independent potentate in Fars. He had not the wisdom to co-operate with Saham-ed-Dowleh, whose enlightened administration he wrecked by stirring up disorders. Zafar-es-Sultaneh gave him more than he asked for, supported him consistently, and the result is the present aggravated situation. It is impossible to have any confidence in his promises. In return for our valuable support at the critical moment in the summer of 1909 he assured Mr. Bill that Ala-ed-Dowleh was the only governor he objected to, and that he would co-operate with "any dog" who might be named in the place of Ala-ed-Dowleh.

Last May, under the influence of fear, he promised, in return for the governorships of Abadeh, Kazeroun, Dashti, and Dashtistan, with an annual reduction of 12,000 tomans in his maliyat, to open up the Kazeroun road. Subsequent events tell their own story, and I need not insist further on the untrustworthiness of Soulet-ed-Dowleh. In my opinion, he has been weighed in the balance and found wanting; the sooner he goes, the better for Fars.

Taking it for granted that the suppression of Soulet-ed-Dowleh is a *sine qua non* for the restoration of order in Fars by the Persian Government, we have now to consider the chances of success in an attempt to overthrow him. Soulet's power has been largely built up by bluff and the exaggerated respect paid to him by the ignorant

central Government. The Kashgais are more influenced by the attitude of the Government towards their chief than most tribes in Persia. Unfortunately the Persian Government have never recognised or utilised this advantage. It is perhaps not surprising that Tehran should have been deceived by his bluff, but it is remarkable that people in Shiraz should so long have taken it seriously. Last April I hardly met anyone, whether Persian or European, who did not believe implicitly in the invincibility of Soulet. I of course except the Kawamis, whose views on this subject, being prejudiced, could not be taken into much account. Zaigam's appearance on the scene showed that the feet of the colossus were made of clay, and now no one believes in the invincibility of Soulet, though his position is now much stronger than in last April. Still, Soulet, mainly by bluff, has created a special position for himself, and his overthrow is a delicate matter. He can only be overthrown by using his three brothers to seduce a large portion of the Kashgais from their allegiance to him. Last May these three brothers had for certain on their side, among the larger Kashgai tribes, all the Shishbuloukis, all the Darashoolis, and three quarters of the Kashkoolis. A large part of the Kashgais would have taken no part at all in the struggle, and accepted with indifference the victor as Ilkhani. Soulet-ed-Dowleh could then have hardly relied on the support of more than miscellaneous bands from various tribes, which would only have stuck to him as long he paid them heavily. Unfortunately, the Persian Government missed their chance, and we can now only take stock of their losses. The heaviest loss is undoubtedly the Shishbuloukis, the most powerful and homogeneous of the Kashgai tribes. Half this tribe will now undoubtedly fight to Soulet, who, after the defection of their chief Ahmed Khan to Zaigam, appointed as chief one Bagher Beg, and thus bound to his cause, by self-interest, half the Shishbuloukis. As the triumph of Zaigam-ed-Dowleh would involve the reinstatement of his father-in-law, Ahmed Khan, Bagher Beg and his partisans are bound to support Soulet vigorously.

With regard to the other tribes, I have no certain proofs to go on, and cannot give any details. Warned by the example of last May, the khans are unlikely to betray their sympathies until the Government is actually in the field against Soulet. Undoubtedly, many, who last May would have fought for Zaigam, will now either fight for Soulet or remain neutral. Still, even now, the Government, if they act with energy and skill, can assuredly count on considerable defections from Soulet. The Kashgais are a rich, commercial, and agricultural tribe, and their khans, who are always ready for freebooting expeditions, are not at all partial to an open and sustained rebellion against the Government. They all have rich properties and other valuable worldly possessions. They are distrustful one of another and fear that by rebellion they may give their fellow-khans the chance of despoiling them with the help of the Government. I do not think they have any decided political ambitions; the idea that, jealous of the Bakhtiari success, they were anxious to emulate their rivals and play an important part outside of their own restricted field in Fars, has, I think, been much exaggerated. They are very happy in Fars, laying up riches by trading and robbing, and could probably only be incited to wider action, and then only fitfully, by heavy pecuniary considerations. Soulet's wealth, of course, gives him a great advantage in preserving the loyalty of the Kashgais. However, his avarice and hardness have made him personally unpopular with his tribesmen, and he is deficient in courage and enterprise. On the other hand, Zaigam, although apparently rather unsteady, has the reputation of a dashing leader. In the fighting three years ago for the chieftainship, Zaigam compared very favourably with Soulet, and his resolution last May created a great impression. While, of course, it is impossible to express a certain opinion, I think that, if the Persian Government officially proclaim Soulet's dismissal and Zaigam's appointment at the first opportune moment, and then act with vigour and skill, they could still win away from Soulet a large enough portion of the tribe to give a fair chance of success.

If Soulet were overthrown, the task of the Government would be much simplified. The numerous bandits, who, at Soulet's instigation or with his connivance, have been pillaging everywhere, from the powerful Kuhgelus to the insignificant Surkhis, would get a wholesome fright and temporarily moderate their exuberance. The Government could sequester much of Soulet's wealth and thus obtain invaluable cash for further enterprises. For, at least, a year or two, both the Kawamis and Zaigam would have their hands too full to be able to work against the Government, who would have breathing space to organise its strength in order to prevent either party from acquiring a preponderant position to the detriment of the Government. Moreover, both Zaigam and the Kawamis, being in need of Government support at the beginning, could be used with great effect for the restoration of order.

Zaigam, with Government support and with the co-operation of the Kawamis in case of need, could reduce the Kashgais who are now out of hand. He is related, by the marriage of his full brother Ali Khan, to the Bakhtiari khans, with whom he is on friendly terms. He could be successfully used to chastise, with Bakhtiari co-operation, the Kuhgelus. The Government could not with safety give Soulet enough support to enable him to reduce the refractory Kashgais, even if the Kawamis refrained from embarrassing him in his task. Soulet would and could not chastise the Kuhgelus. The Government would presumably give the Khamseh tribes to Nasr-ed-Dowleh, who, by the prestige of his family's former domination, could, with Government support and the co-operation of Zaigam in case of need, reduce these now rebellious tribes. No one but a Kawami could reduce these tribes except with a force larger than any the Persian Government can at present dispose of. The Kawamis, whose large estates in Lar, Darab, and Sab'ah have been ruined by the disorders, could be successfully used to restore order in those regions. No one else could restore order there except with a force larger than any the Persian Government can at present dispose of. Kawam-ul-Mulk could be reappointed to the governorship of Kerman. With a Bakhtiari governor in Yezd the governors of the three provinces of Fars, Kerman, and Yezd, together with the chief of the Khamseh tribes, could co-operate to control these migratory tribes, which are continually crossing from one of these provinces into the other. The combinations, by which the Government could, even without an efficient army or large money supplies, work for a general restoration of order, are of the greatest variety.

It may be said that this is an ideal prospect and that the Persian authorities are unlikely to show the statesmanship requisite to make the most of their advantages. I am fully alive to this fact, and am sure that incapacity, corruption, and intrigues will make the Government miss most of their chances. Still, order can, in my opinion, only be restored in Fars by the Persian Government along the broad lines indicated above. The combination of Ain-ed-Dowleh, who has the name with the experience, and Saham-ed-Dowleh, who has the energy and capacity, in which the former is perhaps deficient, seems to be almost the best conceivable for Fars. It is not impossible that these two men, if they ever actually come to Fars, may be able to utilise some of the advantages accruing from the overthrow of Soulet-ed-Dowleh.

I foresee two objections, which will at once be raised by some people to the policy outlined above. Firstly, it will be said that Zaigam and the Kawamis may unite and constitute a power dangerous to the Government. I think this is unlikely, as their interests are sure to diverge soon after the attainment of their mutual object, i.e., the overthrow of Soulet-ed-Dowleh. However, even granting the existence of this danger, it is evidently much less serious than the danger of Soulet's succeeding in forming a combination hostile to the central Government. Secondly, it will be asked what guarantee there is that the Kawamis, having recovered their strength, will not create disorders as they have done in the past. Disorders have been created by the Kawamis in the past for three reasons: They have created disorders with the object of discrediting and overthrowing the Ilkhani of the Kashgais (Soulet-ed-Dowleh), who was damaging their material interests. After Soulet's overthrow this reason would not exist, at any rate not for several years, by which time the Government would have had leisure to re-establish its authority sufficiently to control the conflicting elements in Fars. The Kawamis also created disorders at the instigation of the ex-Shah, the then recognised head of the Government, with which the Kawamis' interests are bound up. Muhammed Ali Mirza's object was of course to discredit the Medjliss. This reason now no longer exists for the Kawamis. The third reason for which the Kawamis have created disorders in the past was to obtain the removal of a governor who was damaging their interests, to secure some minor object refused them by the Government, &c. This reason is of course likely to recur in the future. However, the disorders created by the Kawamis for this last reason were of a restricted nature and never assumed the form of a rebellion or even formidable proportions. They were, therefore, much less serious than the more permanent and wider disorders created by Soulet for wider and more permanent objects. Moreover, the Kawamis have learnt a bitter lesson, as, unlike Soulet, they have suffered heavily from the disorders which they created. In future, they will probably be much more chary of stirring up disorders which must recoil on themselves. Anyhow, I submit that, at the worst, the Persian Government have only a choice of evils and that the Kawami evil is undoubtedly preferable to that of Soulet.

There is another objection which may be raised, namely, that the success of this policy will mean an immense strengthening of the Bakhtiari domination in Persia.

It is not for me to express an opinion as to whether this is or is not desirable. This question is a very large one, and, as it is beyond my competence, I can only touch on it lightly.

I have hitherto mainly treated this difficult question from the point of view of the possibility of a native settlement, which, I presume, His Majesty's Government would much prefer to a settlement brought about by our active intervention. It may perhaps be argued that, as we are prepared to intervene to protect our interests, it is not worth our while to meddle with the complicated native interests in conflict in Fars. It will be said that the Persian authorities are disorganised, corrupt, with the virtue well-nigh gone out of them, and that it is useless to try to guide them towards any policy, as they will be unable to see where their interests lie, or, if they do see, will be unable to show the capacity requisite for success. I frankly admit that there is something in this argument. What I have seen of the eccentricities of the Persian Government as regards Fars since the departure of Sardar Assad from the Ministry of the Interior does not encourage me to believe that the Persian Government are likely to show the ability necessary to deal successfully with the delicate problem of Fars. While admitting all this, I venture to think that, precisely in view of the possibility of our eventual intervention, there are strong reasons why we should lose no chance, however slight, of working for Soulet's overthrow by the Persian Government. If we are compelled to intervene actively, our task would be much simplified by the disappearance of Soulet-ed-Dowleh. I am presuming that His Majesty's Government, in the event of our intervening, wish that intervention to be as limited as possible. It would be useless to shut our eyes to the fact that the assumption on our part of the task of policing a road running through districts swarming with armed and lawless tribes is likely to involve us in still wider interventions. The local levies, raised by British officers, may be attacked; such attacks would necessitate punitive expeditions to prevent the recurrence of similar incidents. The policing of the road might even gradually and almost imperceptibly develop into a general occupation. These dangers would be much lessened by the overthrow of Soulet-ed-Dowleh. After his suppression there would remain no one element of disorder strong enough to incite effectively and widely the lesser elements of disorder. Then we should generally have to fear only genuine freebooting raids on the road, and not raids instigated for ulterior motives. If the Persian Government will not or cannot suppress Soulet-ed-Dowleh, I fear that, in the end, we may be forced to do it ourselves in order to ensure permanent security along the Bushire-Ispahan telegraph route. It would, therefore, seem to our advantage to spare no effort to induce the Persian Government to undertake this task themselves, and thus spare us future complications should we be forced eventually to intervene.

In terminating the arguments, which, in my opinion, make the overthrow of Soulet-ed-Dowleh imperative, I cannot omit one important consideration. As long as Soulet remains in power, it will be almost impossible to apprehend and punish the assailants of Messrs. Bill and Passek. If only for the safety of Europeans in Fars the attainment of this object would seem to be of vital importance.

If the Persian Government fail to give effect to our representations against Soulet-ed-Dowleh, I do not see how we should be any worse off than now. Soulet's friendship has been proved to be absolutely worthless, and, once we are secure from the attacks of his malignity, we can, it would seem, afford to treat his hostility with contempt.

While adhering generally to the policy of non-intervention in Persia, we have always considered ourselves justified in offering advice to the Persian Government in the interests of order. In the past we have, by representations to the Persian Government, greatly helped Soulet. Our attitude in this respect has even caused some bitterness here. In fact I should not be at all surprised if, in the event of our intervening, the Nationalist press were to cite this support of Soulet as typical of England's Machiavellian policy and as part of her perfidious plan to prolong the disorders in Southern Persia, in order to justify her intervention. By precedent, therefore, we would seem to be justified in making representations to the Persian Government against Soulet-ed-Dowleh, especially as we are now contemplating the possibility of active intervention in the internal affairs of Persia. Moreover, such action on our part would be popular here. I may mention, in this connection, that after the news of our warning to the Persian Government got known in Shiraz, several respectable Persians asked me why, if we intended intervening, we did not attack the root of the evil, and, by threats or force, remove Soulet-ed-Dowleh from Persia.

If, after consultation with Colonel Cox, you should think it advisable to abandon our attitude of neutrality in the sense I have proposed, I would suggest the following

procedure. We should, in Tehran, point out to the Persian Government the desirability, in the interests of order and the unity of Persia, of overthrowing Soulet-ed-Dowleh and replacing him by his brother, Zaigam-ed-Dowleh, as soon as circumstances permit. Simultaneously, I should be authorised in Shiraz to declare myself openly, as suitable occasions occurred, in favour of the above policy. Locally, my partisanship in this sense might, coupled with the knowledge that we are, in certain eventualities, prepared to intervene actively to protect our interests on the Bushire-Ispahan telegraph route, produce considerable effect. If it became known among the Kashgais, many waverers might rally to Zaigam's banner, and the overthrow of Soulet might be made easier.

For the sake of convenience, I will briefly recapitulate the main arguments of this lengthy despatch:—

The overthrow of Soulet-ed-Dowleh is the only chance of a native settlement. His disappearance will greatly lessen the difficulties, and tend to circumscribe the scope of our intervention, if eventually necessary. Our declaring ourselves openly against Soulet will increase the chances of success in the enterprise against him. If this enterprise is not attempted, or fails, we have nothing to fear from Soulet, since we are prepared, in case of necessity, to intervene effectively to protect our interests on the Bushire-Ispahan telegraph route.

By the time this despatch reaches you I earnestly hope the new Governor-General will be on his way to Fars. The moment will therefore be propitious for our taking action in the sense I have suggested should you consider it advisable. I shall therefore be grateful for the favour of telegraphic instructions.

I have forwarded a copy of this despatch to Colonel Cox, who, with his greater experience of Fars, and in view of the interests entrusted to his care outside of Fars, may see in the course which I have suggested objections not apparent to me.

In conclusion, I must apologise for the inordinate length of this despatch. I gather that in the past, by excessive compression and by presuming a too great familiarity with local conditions on the part of people far away from the scene of action, I have been guilty of obscurity. I therefore thought it advisable, even at the risk of being tedious, to sacrifice brevity to clearness.

I have, &c.

W. A. SMART.

[45641]

No. 454.

Sir G. Barclay to Sir Edward Grey.—(Received December 19.)

(No. 219.)

Sir,

Tehran, November 30, 1910.

IN my telegram No. 465 of the 11th instant I reported that Sardar Assad was working for a change of Cabinet. So far his scheme has not materialised, owing, I understand, to the unpopularity of Sipahdar, to whom Sardar Assad had looked as Prime Minister in the new combination.

It remains to be seen what will be the effect on the Cabinet's position of the humiliating reparation which the Russian Minister has demanded for the recent Kashan incident, on which I have reported separately. Hussein Kuli Khan has repeatedly declared to me that compliance with these demands would mean his resignation, an eventuality which would be welcome to my Russian colleague, who believes that Hussein Kuli Khan is responsible for the intractable attitude of the Persian Government. I myself should regret Hussein Kuli Khan's resignation.

I feel that his presence on the Cabinet affords as good a guarantee as we can have of the effective spending of the money which the Government is about to obtain from the loan to be issued by the Imperial Bank, and I question whether the mere change of a Cabinet Minister would produce any lasting improvement in Russo-Persian relations, for I know no one amongst the possible successors of Hussein Kuli Khan who would have the courage so far to defy the present temper of the Medjliss and the people as to adopt the subservient attitude required by Russia.

I have, &c.

G. BARCLAY.

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No. 455.

Sir G. Barclay to Sir Edward Grey.—(Received December 19.)

(No. 220.)

Sir,

Tehran, November 30, 1910.

REFERRING to previous telegraphic correspondence, I have the honour to report that my Russian colleague informed me on the 14th instant that the house of the Russian consular agent at Kashan, a Persian subject, had been entered by force by the local chief of police, accompanied by some Bakhtiari, to search for an offender, whom they failed to find. The women's quarters had been invaded and their effects rifled. He said that he was demanding as reparation for this insult to the Russian flag an apology in uniform from the Minister for Foreign Affairs, the dismissal of the offending chief of police, and an apology to the Russian consul-general at Ispahan from Sardar Ashja and Amir Mujahid, two Bakhtiari chiefs, who were then at Ispahan and who had during the recent fighting at Kashan given assurances regarding the safety of the Russian consular agent. M. Poklewski added that he was reporting the incident and his demands to his Government, and was recommending that energetic measures should be taken if his demands were not satisfied. To my enquiry as to what he meant by energetic measures, he said that his Government might send on the Russian troops to Tehran, or even to Ispahan. I believed him to be speaking at random, but when I laughingly expressed the hope that this step would not be taken, his evident annoyance showed that he had been in earnest. His demeanour was, indeed, so unpromising that, knowing his strong antipathy towards the Minister for Foreign Affairs, I confined myself to remarking that the demands he was making would enable Hussein Kuli Khan to pose as a martyr.

The Minister for Foreign Affairs replied to M. Poklewski's demands on the 16th instant. Had his Excellency contented himself with a frank and unreserved apology, promising a prompt dismissal of the chief of the Kashan police, I believe M. Poklewski would have been satisfied. Unfortunately, the note containing the apology sought to prove that the man whose house had been entered had no proper consular status, as he had not been recognised by the Persian Government. Moreover, the punishment of the chief of police was made conditional on the result of an enquiry to be held as to whether his offence was deliberate. I happened to call on M. Poklewski just after he had received this note. I found him in no way softened by the written apology, and annoyed by Hussein Kuli Khan's disputing the status of the consular agent, whose appointment, M. Poklewski informed me, had been gazetted in St. Petersburg last summer, the Persian Government being duly informed at the end of July. It was true that at the end of October the Persian Government had made objections to his appointment, but they had given no particulars as to why he was considered unsuitable. M. Poklewski told me further that it was not customary for Russia to ask for the recognition of consular appointments in Persia, even in the case of a Minister no agreement was asked for.

M. Poklewski was determined to insist on full satisfaction of his demands, and told me that he was recommending to his Government that, failing prompt compliance, Russia should seize some of the northern custom-houses. It occurred to me that by offering to join him in a less drastic course I might restrain him from recommending a threat to take such a far-reaching step as the seizure of the customs, and I accordingly suggested a joint boycott of the Minister for Foreign Affairs as an alternative course, subject to the approval of our two Governments. You, Sir, did not approve my proposal, and the instructions which the Russian Minister received were to the effect that pressure in order to obtain proper reparation was to take the form of suspending the visa of Persian passports for Russia. M. Poklewski was also informed that a solemn salute of the Russian flag over the consular agency at Kashan in the presence of the civil and military authorities might take the place of the personal apology in uniform of the Minister for Foreign Affairs.

M. Poklewski offered this alternative form of reparation on the 26th instant, demanding at the same time the immediate dismissal of the chief of police, compensation for the damage done in the consular agent's house, and instructions to the local authorities to afford all proper assistance in future to the consular agent. Failing prompt satisfaction on these points Russia would resort to reprisals.

I saw the Minister for Foreign Affairs the same afternoon and urged him to yield and so close the incident. He said he was ready to accord a solemn salute to the Russian flag at Kashan, but he would not recognise the consular agency, and the flag to be saluted must be hoisted elsewhere.

Later, in support of representations which my Russian colleague told me he was making to the Prime Minister, I sent a message to Mustaufi-ul-Mamalek, urging upon him the desirability of compliance with the Russian demands.

On the 28th instant two officials of the Foreign Office visited M. Poklewski and proposed the following settlement: The chief of police at Kashan was to be dismissed; a representative from the Russian Legation and a representative of the Persian Government were to proceed to Kashan to hold an enquiry. The representative of the Russian Legation was to be received at Kashan with ceremony, and the Russian flag would be saluted over a house which would be put at his disposal. The flag would remain hoisted for twenty-four hours, during an enquiry into the losses of the Russian consular agent. The Russian Legation, on its part, was to choose another consular agent.

To these proposals the Russian Minister replied that he could not in any way abate his demands.

The two Foreign Office officials subsequently visited me and solicited my good offices to induce the Russian Minister to moderate the humiliating demands he had made, and to accept the reparation which they had just proposed. They gave me a long account of the correspondence exchanged with the Russian Legation regarding the status of the consular agent, from which it was clear that the Persian Government had never recognised the agent's position, though they had allowed three months to pass after his appointment had been notified before raising objections.

I confined myself in my reply to advising prompt compliance with the Russian demands.

Since writing the above I have received a visit from the Minister for Foreign Affairs, who came to tell me privately that as I was supporting the Russian Minister he saw that it was necessary to comply with his humiliating demands. He thought, however, that the proposed ceremony at Kashan might give rise to disturbances and he therefore preferred to make a personal apology in uniform to the Russian Minister, and asked me if I knew what would be the exact formalities. I promised to enquire and let him know.

The Minister for Foreign Affairs appeared to feel the humiliation of his position deeply. He said that he had already tendered his resignation but it had been refused. He was determined, however, after having made his apology to the Russian Minister to insist, as his compliance with the Russian demands would so weaken him that he could no longer work effectively for the improvement of Persia's relations with Russia.

I told his Excellency that I was glad to learn that he had made up his mind to give the satisfaction required. I added that I felt confident that the Russian Minister would receive him in a most friendly manner, and I expressed the hope that his interview with M. Poklewski would inaugurate a better understanding between them.

I have, &c.

G. BARCLAY.

P.S. *December 1, 1910.*—I open my despatch to report the closing of this unpleasant incident. After the Minister for Foreign Affairs left me yesterday I visited my Russian colleague and was able later to inform Hussein Kuli Khan that M. Poklewski had promised to accord him a most friendly reception when he came to apologise.

His Excellency called at 1 o'clock this afternoon at the Russian Legation in uniform and tendered his apology to the Russian Minister, who was also in uniform. His Excellency at the same time handed to M. Poklewski a note giving entirely satisfactory assurances regarding the dismissal of the Kashan chief of police, the future treatment of the Russian consular agent, and the payment of compensation for the damage done to his property.

I have since seen Hussein Kuli Khan, who seemed much relieved that the incident was closed. I could see no sign that he still contemplated resigning.

G. B.

[45643]

No. 456.

Sir G. Barclay to Sir Edward Grey.—(Received December 19.)

(No. 221.)

Sir,

Tehran, November 30, 1910.

SINCE my note of the 14th October regarding the disorders on the southern trade routes was presented there has been every indication that the Persian Government at length realise the necessity of opening the main southern road.

The first essential steps to this end—the appointment of a really competent Governor-General of Fars and of one who can be induced to take up the post—has already been taken. At first, as you are aware, it was proposed to bring the Zil-es-Sultan back to Persia to fill this post. Indeed, the Cabinet telegraphed on the 3rd instant offering His Imperial Highness the appointment, which it was known he was prepared to accept. But Sardar Assad, when he heard of this step, used such forcible language to the Prime Minister regarding the proposed appointment that the latter induced Jellal-ed-Dowleh, the Zil's son, to telegraph to his father advising him not to accept it. It is unfortunate, in view of the Zil's great prestige in Fars, that Sardar Assad could not sink his personal animosity, but the Persian Government have now, I think, made as good a choice as was possible under the circumstances. They have appointed Nizam-es-Sultaneh, who has recently done good work as Governor of Kermanshah. He has extensive property between Bushire and Shiraz, and some influence in the province of Fars. His Majesty's consul at Kermanshah reports that he is on the point of leaving for his new post, and will travel via Bushire.

But without the backing of a strong force there can be little hope that even an efficient Governor will be able to deal with the situation.

The Minister of War has undertaken to dispatch a force of between 2,000 and 3,000 men to Shiraz, and now that the Persian Government seem about to accept the offer of financial assistance from the Imperial Bank there seems a good prospect of Nizam-es-Sultaneh's receiving the promised support. Meanwhile, it is announced that Sowlet-ed-Dowleh has guaranteed the safety of the main route from Bushire to Shiraz. Unfortunately, the value of this guarantee is largely discounted by the news which reaches me at the moment of writing that the first caravan to abandon the circuitous routes recently followed and to trust to Sowlet's guarantee has been looted between Shiraz and Kazeroun.

I have, &c.
G. BARCLAY.

[45645]

No. 457.

Sir G. Barclay to Sir Edward Grey.—(Received December 19.)

(No. 223.)

Sir,

Tehran, December 1, 1910.

I HAVE the honour to transmit herewith the usual monthly summary of events in Persia during the past four weeks.

I have, &c.
G. BARCLAY.

Enclosure in No. 457.

Summary of Events for the month of November 1910.

Tehran.

THE meeting held in the Artillery Square on the 17th instant to protest against the action of Great Britain and Russia is dealt with in a separate despatch. The local press described it as a great popular demonstration at which "nearly 10,000 persons were present."

While an attempt was being made by the Turkish Ambassador and the local press to lay stress on the necessity of union among all Moslems, irrespective of the differences between Shiah and Sunnis, some over-zealous Shiah have done a good deal of mischief in the opposite direction. A large number of Persian pilgrims, who were on their way to Kerbela, were detained in quarantine at the Turkish frontier. During their detention some of their Turkish guards died suddenly, presumably of cholera, and the report was immediately spread that the Shiah saint "Hazret Abbas" had performed a miracle in smiting down the infidel Sunni guard, who were preventing true Moslems from performing their pilgrimage to the tomb of Hussein. In consequence of this report there was great rejoicing all over Persia, especially at Tehran, where the bazaars were illuminated for several nights.

The principal Bakhtiari khans are about to assemble at Tehran, and several of them have already arrived. The khans who lately besieged Naib Hussein at Kashan are on

their way to Tehran with their men. Sardar Assad has summoned them to Tehran in consequence of the recent disagreements which arose between them, and which nearly brought about inter-tribal hostilities. Their misunderstandings have, for the time, been cleared up, and it will now have to be decided which of the khans will go to the Bakhtiari country in authority over the tribe.

The proceedings of the Medjliss during the past four weeks do not call for any special comment. The sittings have been held as usual, but no business of any particular interest has been conducted in public.

The local press has been very loud in its denunciation of Russia and Great Britain. The recent notes addressed by His Majesty's Legation to the Persian Government respecting the southern roads have been the object of much hostile comment, and a great deal has been said about the advisability of drawing closer to Germany.

Yeprem Khan, the Armenian chief of police, has resigned his post owing to the appointment of Prince Ain-ed-Dowleh as Minister of the Interior.

G. P. CHURCHILL,
Oriental Secretary.

Resht.

1. Fifty gendarmes reached Resht from Tehran early in November, and 100 more were expected shortly. Five deaths from cholera were reported from the immediate vicinity of Resht.

2. About 400 Russian troops arrived on the 27th November. It is understood that they will relieve the troops at present at Kazvin.

Meshed.

1. Prince Dabija left for Russia on six months' leave on the 12th October. M. Gregoriew officiates as consul-general during his absence.

2. The condition of the province remains unchanged, but since the dismissal of the late chief of police, the Acting Governor-General, Zahir-us-Sultan, has asserted himself in the interests of law and order, and is on excellent terms with both consulates. One Mohammad Ali, Nishapuri, has established himself at Gunabad with a band of robbers, and is levying contributions on the countryside. It appears that he was driven to becoming a robber by the late chief of police seizing his property on a false pretext. Zahir-us-Sultan tried to get him to surrender himself to justice, but, as that failed, he has begun to take active measures against him. The Governor of Tabbas fled from Tabbas to Turbat, where he was, towards the end of October, awaiting reinforcements to enable him to return to his post. The roads to Seistan and to the Afghan frontier were reported to be unsafe, and robberies were frequent, especially near Turbat. A few cases of cholera occurred at Meshed early in November.

3. Major Sykes, on return from leave, resumed his duties as consul-general on the 26th November.

4. Four thousand nine hundred and seventeen cases were treated and twenty-eight operations performed in the consulate hospital during October.

Seistan.

1. Armed parties of Baluchis are reported to have taken to the road and to have committed numerous robberies. His Majesty's consul has urged the local authorities and chiefs to restrain their men, but the success of the raids made on Narmashir by the more southern Baluchis has caused the Seistan Baluchis to try their fortune. All the roads are reported to be unsafe.

2. Two thousand six hundred and fifty-three cases were treated and twenty-three operations performed in the consulate hospital during September.

Ispahan.

The town has remained quiet, but there is considerable discontent at the scarcity and high price of bread. The authorities are trying to reduce the price of bread, but have to contend with the holders of grain, who are wealthy and influential persons, many of them members of the local clergy. The state of the province, which was unsatisfactory, there being many complaints of the illegal surtaxes exacted by local

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governors, has improved somewhat. The Governor-General appears to be desirous of cultivating friendly relations with both consulates. There has been a certain amount of intrigue against him, which is attributed to his predecessor, Sardar-i-Asjhaa. All the roads have been disturbed. The posts on the Tehran road were at first delayed owing to the removal of the post horses by Bakhtiari, but, though the horses have been returned, the posts are still somewhat irregular. The Shiraz road has remained closed, and robbers are reported at Kumishah, Yezdikhast, and Abadeh. On the Yezd road, 300 robbers were reported at Nain on the 3rd November, and ten camels with their loads were carried off from Nogumbaz. The post was attacked near Ardakan. The governor left for the scene. On the Sultanabad road, on the 14th October, a caravan of pilgrims was attacked, four being killed, and at the same time a caravan of opium was plundered. On the Ahwaz road, between the 17th and 20th October, four robberies occurred at Murwari, Sultani Sari Rak, and Gandum Kar. At the last-named place the mails were robbed. These robberies were erroneously stated in last month's summary to have occurred after the 26th October. The Bakhtiari chiefs promised to take immediate steps to re-establish security on this road, and no further robberies have been reported.

Kashan.

On the 31st 250 Bakhtiari were reported to have left Kashan in pursuit of Naib Hussein, who passed through Khalibad on his way to Ardistan that night. He then moved by Zavareh and Amirabad, and reached Shahrab, 36 miles east of Ardistan, on the 3rd November. His followers were deserting him daily, and only 100 men remained with him. He was making for Anarek, which is described as an oasis in the middle of an absolute desert. Shahab-us-Sultaneh was at Ardistan on the 3rd. He is reported to be in hot pursuit of Naib Hussein, and considerable reinforcements have passed through Ardistan on their way to join him. The Bakhtiari are said to be keenly mortified at Naib Hussein's escape from Kashan. On the 1st November it was reported that some Bakhtiari had looted part of the bazaars at that place. The chiefs promised to punish the offenders. The town was quiet, and Munazzam-ed-Dowleh had been appointed governor.

Yezd.

The governor has continued to extort money on all sides. One result of this has been that numbers of respectable people have endeavoured to force their way into the vice-consulate to take refuge from the governor's exactions. In spite of all efforts to prevent them, some found their way in and declined to leave, denying that the governor's assurances were of any value. Trade in Yezd is at a standstill. The Bakhtiari forming the escort of the ex-Governor of Kerman are reported to have plundered villages and travellers along their route from Yezd to Kashan. On the 9th November, near Kabutar Khan, on the Kerman road, the caravan of the Russian consul from Kerman was robbed, but M. Petroff pursued with his escort and recovered nearly all his property. On the 7th November 800 Baharlus attacked Dehaj and captured 1,000 sheep. The Dehajis, however, blocked the passes, drove off and pursued the robbers, killing four, wounding several, and capturing one. Their own losses were one killed and four wounded. Zeigham-ed-Dowleh, Kashgai, has now been appointed governor, and left Ispahan for Yezd on the 19th November.

Kermanshah.

1. The cholera epidemic seems to have ceased by the end of October, only a few cases being reported in November. Many of the fugitives from the town returned to their homes, but the governor still remained outside the town. Robberies in the neighbourhood of the town were of frequent occurrence. Nizam-us-Sultaneh has now been appointed Governor-General of Fars, and it is understood that Rukn-ed-Dowleh will succeed him at Kermanshah.

2. Early in November the Kalhors again attacked Kasri Shirin, the governor of which place fled to Kermanshah, where he arrived on the 6th. The telegraph wire between Serpul and Kasri-Shirin was cut, and many people sought refuge in the custom-house.

3. One officer and nineteen Turkish soldiers arrived at Kermanshah on the 22nd November as a guard for the Turkish consulate.

Kerman.

1. Jelal-ed-Dowleh has been appointed Governor of Kerman; pending his arrival, Sardar-i-Nusrat is officiating, and His Majesty's consul reports him to be most obliging. Sarim-ul-Mulk, who was officiating for Sardar-i-Jang, is stated to have appropriated a considerable sum of public money while at Kerman. Sardar-i-Nusrat has established quarantine stations against cholera at Anar and Rawar for pilgrims returning from Meshed. The people of Rawar are said to have been seized with panic, and many fled from the town. The Bunder Abbas road was, during October, reported unsafe for travellers, as was the road between Kerman and Yezd. On the 4th November it was reported that a force of Baluchis had plundered Kashid, some 30 miles north of Bam, carrying off much booty, and killing thirty-two men. The force then moved towards Khabis.

2. At the beginning of October M. Petroff, the Russian consul, turned the chief of police out of the house in town which he was occupying, and against which a Russian subject was said to have had some claim. The chief of police left on being threatened with expulsion by the Russian consular escort. M. Petroff subsequently hoisted the Russian flag on the house. Later in the month M. Petroff, with the object of recovering money said to be due to a Russian subject, now no longer in Kerman, seized by force a house in the city and a garden at Sar-i-Asiab in which, according to M. Petroff, the debtor, a Persian, had some interest. This property was not in the debtor's possession, and his claim to any interest in it is doubtful in the extreme. M. Petroff then tried to realise the debt by the sale of the property, but it seemed unlikely that he would find a purchaser. His action has aroused great resentment in Kerman, and His Majesty's consul thinks it may have unfortunate results.

3. Colonel Haig reports that the Indo-European Telegraph Department's line from Bam to Kuh-i-Malik Siah suffers at the hands of Afghan gun-runners and Baluchis. As to the former, the local Persian authorities assert that, as Afghan interests are in Persia in the hands of British consuls, they must be regarded as British subjects, and his Majesty's Government ought to control them. As to the Baluchis, the local authorities are unable to control them, and Persian Baluchistan seems to be almost independent of the Persian Government. Colonel Haig points out the desirability of the Persian Government asserting its authority there without delay. As the revenue is considerably in arrears, it would pay the Government to assert its authority.

Shiraz.

Little or no improvement in the condition of Fars and of the roads to Bushire and Ispahan was recorded during October. In November, however, the state of the Ispahan road improved slightly, owing to the departure southwards of the tribes, but the Boir Ahmadi still remain engaged in plundering on the Aminabad-Abadeh section of the road. The northern post has been reduced to a service of messengers on foot. This system is safer, but takes twice the time of the waggon post. Nizam-es-Sultaneh has been appointed Governor-General, and is on his way to Shiraz from Kermanshah via Bagdad and Bushire. Soulet-ed-Dowleh reached Kazerun on the 10th November, and a few days later was entrusted by the central Government with the task of keeping open the Kazerun road to Bushire. His departure from the neighbourhood of Shiraz had an excellent effect on the town, which became much quieter.

PERSIAN GULF.

Bushire.

1. M. Passek, Russian consul-general, and M. Kadloubowski arrived at Bushire from Shiraz on the 1st October.

2. Mirza Hussein, formerly dragoman of the German consulate, was early in October carrying messages to the karguzar and others for the German consul and doing other work for him. Later he began to go regularly to Messrs. Wöckhaus and Co.'s, where he had a newly furnished office. His brother was to be seen daily at the German consulate.

Bunder Abbas.

On the 9th October Darya Beggi arrived from Minab in the Customs launch "Tehran," with fifty riflemen. He sent some of them out to Sooroo against some

robbers encamped there; the latter retired to Kelat, 15 miles west of Bunder Abbas. The roads leading to the interior were, in the middle of October, absolutely unsafe, and no caravans would travel by them.

Lingah.

Darya Beggi arrived in the "Persepolis," and concurred in all the measures taken by the senior naval officer. On the 8th November the raiding force was still some 50 miles from Lingah. Darya Beggi, who was at Charak, received a letter from their leaders saying that they would come to Lingah if not bought off. The naval detachment was embarked on the 10th November.

Mohammerah.

1. It appears that for some time past Farhan Assad, an Arab chief, has been contemplating throwing off his allegiance to the sheikh, being instigated thereto by Agha Rahim, Bakhtiari, Deputy Governor of Dizful. On the 16th November Sheikh Handsel, in command of the sheikh's army of some 10,000 men, left Ahwaz to attack Farhan. The sheikh himself remained near Ahwaz. His Majesty's consul at Ahwaz learnt confidentially that the sheikh had informed Amir-i-Mufakham that Farhan had been promised assistance, if the sheikh tried to coerce him, by Agha Rahim and by Sardar-i-Zaffer. The sheikh added that he was sending a force against Farhan. On the 8th November a representative of Sardar-i-Mohtashem, and on the 16th November a representative of Amir-i-Mufakham, visited the sheikh. Both men subsequently warned the adherents of the Haji Ilkhani Bakhtiari family, in the low country, to be ready to assist the sheikh if the Ilkhani adherents assisted Farhan. Amir-i-Mufakham informed the sheikh that if the other Bakhtiaris opposed him he would assist him. Farhan occupies a tract of country between the Shahais and Diz Rivers, and has at different times been controlled from Shuster and Mohammerah. For the past three years he has rendered tribal allegiance to the sheikh. His present revolt from this allegiance appears to be due to an organised attempt by Sardar Assad's party against the sheikh. Farhan's head-quarters were at Dehno. The sheikh's army arrived near that place on the 21st November. Two minor engagements were fought, after which Agha Rahim and two other Bakhtiaris of the Ilkhani party who were with Farhan took him off to Bakhtiari country, where he remains in asylum. As Farhan is a disturbing element and disturbances in Arabistan would be most prejudicial to British interests there, His Majesty's Minister has represented strongly to Sardar Assad the necessity for him to follow a policy which will prevent any outbreak of disturbances.

2. On the 8th November twenty-three cases of cholera were reported at Mohammerah.

C. B. STOKES, Major,
Military Attaché.

[45652]

No. 458.

Mr. Marling to Sir Edward Grey.—(Received December 19.)

(No. 887.)

Sir,

Constantinople, December 9, 1910.
WITH reference to my despatch No. 867 of the 29th ultimo, I have received a telegram from His Majesty's consul at Erzeroum informing me that the local authorities deny the report telegraphed to the "Times" on the 14th ultimo by their correspondent here of an incident having occurred near Bayazid, on the Turco-Persian frontier.

Mr. McGregor learns that four battalions are now stationed in new cantonments, but that the authorities have for the present abandoned their intention of increasing the troops in the Bayazid district by four battalions.

I have, &c.

CHARLES M. MARLING.

[45661]

No. 459.

Mr. Marling to Sir Edward Grey.—(Received December 19.)

(No. 897.)

Sir,

Pera, December 14, 1910.

WITH reference to my despatch No. 887 of the 9th instant, I have the honour to report that the Turkish commander at Passova has, according to information received from His Majesty's consul at Mosul, asked for reinforcements, and that a few companies have been collected at Rayat, near the Ganishan Pass, on the road from Passova and Soujboulak to Ravandouz.

While denying that any collision has taken place between Persian and Turkish troops, the Vali of Mosul admits that an incident may have occurred at Kustendje, but in accordance with recent instructions from Constantinople, all officers on the frontier posts have been impressed with the necessity of avoiding any provocative action. Mr. Greig adds that the redifs have not been called up, and that there is no other movement of troops on foot.

At the same time, Mr. Greig reports that the Commandant of the 6th Army Corps has instructed the military authorities at Kerkuk to do all in their power to increase the strength of the battalions in that district, and on the 8th instant 10,600 rounds of ammunition for Mausers were dispatched to Suleimanieh. It seems probable that the report published in the "Times" on the 14th November, to which I had the honour to refer in my above-mentioned despatch, is connected with this news rather than with the fighting near Salmas or Bayazid.

I have, &c.

CHARLES M. MARLING.

[45858]

No. 460.

Sir G. Barclay to Sir Edward Grey.—(Received December 19.)

(No. 505.)

(Telegraphic.) P.

Tehran, December 19, 1910.

I HAVE the honour to report, with reference to my telegrams No. 397 of the 1st October and No. 478 of the 17th November respectively, that the time for the relief of the Shiraz escort and detachment is approaching.

I propose to return the Maxim with the naval detachment to Bushire if the Government of India do not consent to inclusion of a Maxim crew in the relieving force.

[45902]

No. 461.

Sir G. Barclay to Sir Edward Grey.—(Received December 19.)

(No. 506.)

(Telegraphic.) P.

Tehran, December 19, 1910.

FRENCH advisers.

Reference to your telegram No. 710 to Sir G. Buchanan of the 17th December.

I am informed by French chargé d'affaires that, when approached by Ministry of Foreign Affairs on subject of proposal to engage French assistants, he replied that he did not believe that French Government would be anxious to come to the assistance of Persia, who, he pointed out, had shown anything but friendliness to France in various matters.

He was at the same time asked his advice as to whom Persian Government should apply for the loan of an Egyptian for the Ministry of Justice—whether to Great Britain or to Turkey. In reply, French chargé d'affaires suggested that an application should be made to Egyptian Government direct.

[1761]

[45901]

No. 462.

Mr. Marling to Sir Edward Grey.—(Received December 19.)

(No. 263.)

(Telegraphic.) P.

Constantinople, December 19, 1910.

TURCO-PERSIAN frontier.

According to information received from His Majesty's vice-consul at Mosul, a force of 750 has lately been dispatched to Passova from Kerkuk (see my despatch No. 897 of the 14th December).

[43455]

No. 463.

Sir Edward Grey to Sir G. Barclay.

(No. 201.)

Sir,

Foreign Office, December 19, 1910.

I HAVE received your despatch No. 209 of the 12th ultimo, relative to the proposal of the Anglo-Persian Oil Company to bore for oil in the territories of the Sheikh of Mohammerah, and to transmit to you herewith copies of a letter from the company and of a private communication addressed by their managing director to Mr. Mallet setting forth their views on the subject.*

You will observe from a perusal of these papers, which reached this Office some few days later than your despatch above referred to, that the company are prepared to treat the sheikh in a more generous and conciliatory manner than the tone of the letters addressed to the acting British consul at Mohammerah by their local agents would appear to indicate.

The situation which has given rise to this question has been produced by the past action of the Persian Government.

In 1901, as you are aware, that Government granted to Mr. W. K. D'Arcy the exclusive right to bore for oil in certain parts of Persia, including the region in which the territories of the Sheikh of Mohammerah are situated, but subsequently, in a firman granted to the sheikh by Mozaffer-ed-Din Shah in January 1903, used language by which they admitted, at least by implication, that, in conferring these privileges on Mr. D'Arcy, they had exceeded their powers, since the lands in question had belonged in the past to the sheikh, his tribesmen, and their ancestors.

The Anglo-Persian Oil Company, as the legal successors of Mr. D'Arcy and his associates, are bound by the terms of the concession of 1901 to pay to the Persian Government a certain proportion of their profits, but are not bound to make a similar payment to any other person, and they are naturally anxious to avoid diminishing their profits by exposing themselves to any such necessity. The sheikh, however, is likely to insist on such a condition, especially in view of the terms of the agreement concluded in 1905 by Mr. D'Arcy with the Bakhtiari Khans. (It is pointed out, however, that this agreement, having been extorted from Mr. D'Arcy by the Bakhtiari Khans in special circumstances, ought not to be used as a precedent.)

The company then, anxious as they are to avoid, as Mr. Greenway puts it, paying for their oil twice, have two courses open to them.

They can insist on the letter of their rights under the concession of 1901. This course would involve a settlement of the question whether or no the Persian Government exceeded their powers in granting that concession, and would moreover certainly bring the company into conflict with the sheikh. The settlement of the legal question, if possible at all (and it is not clear by whom it could be decided) could not be effected without endless delay and difficulty, and the interests not only of the company themselves but of His Majesty's Government in those regions could not fail to be adversely affected by any dispute with the sheikh. His Excellency could in practice make all operations impossible, and it would be in the highest degree embarrassing for His Majesty's representatives to be obliged to support the company against him and thus risk the loss of his goodwill.

The company are therefore disposed to follow the alternative course which is to agree to pay the sheikh, should he demand it, a proportion of the profits derived from oil obtained in his territories, and to deduct an equivalent sum from the amount due to the Persian Government under that head.

The necessity for doing this is unlikely to arise for some time, since at least a year

* Nos. 406 and 407.

or two must elapse before oil can be extracted from any point in the sheikh's territories in paying quantities, but when the time comes, if it ever does, for this step to be taken, the company will hope to receive the support of His Majesty's Government in inducing the Persian Government to acquiesce in it.

I am disposed to consider that, in view of the fact that the responsibility for the difficulty which has arisen appears to lie at the door of the Persian Government, the proposal of the company is not unreasonable, but before returning a definite reply to their request I should be glad to be in possession of your views on the subject.

If you share my opinion, you should instruct His Majesty's consul-general at Bushire and the acting British consul at Mohammerah to support the local agents of the company in their efforts to conclude an agreement with the sheikh on the lines suggested, which are that they should pay him, in respect of any lands where they desire to bore for oil, adequate compensation for any disturbance and a fair rent while they occupy the land, and should restore it to its present condition if no oil is found there, or buy or lease it, as may be arranged, should oil be discovered. They should also pay the sheikh, if he demands it, a certain share of their profits.

I may add that Mr. Greenway accompanied by Mr. James Hamilton, who is also connected with the oil company, will shortly leave London for Mohammerah, and the former proposes later on to proceed overland to Tehran. You are authorised to afford to these gentlemen, and to instruct His Majesty's consular officers on the spot to extend to them, such assistance as they may require in the prosecution of their business.

I further transmit copy of the reply which I have caused to be returned to the enclosed communications,* and I have to inform you that a copy of this despatch has been forwarded to Lieutenant-Colonel Cox for his information.

I am, &c.

E. GREY.

[45079]

No. 464.

Foreign Office to India Office.

Sir,

Foreign Office, December 19, 1910.

WITH reference to the letter of the 25th ultimo from this Office, relative to the arrangement arrived at by the Persian Government and the Imperial Bank of Persia with respect to the Anglo-Indian loan to the latter, I am directed by Secretary Sir Edward Grey to transmit to you herewith copy of a letter from the bank, stating that they have now received the sum of 8,380*l.* 17*s.* 4*d.*, representing the amount paid by the Persian Government on account of interest due from the 20th March last up to the 20th ultimo on the loan above referred to, and asking that, if this figure is agreed, a receivable order may be sent to them.

Sir E. Grey presumes that the Earl of Crewe would wish him to act as requested by the bank.

I am, &c.

LOUIS MALLET.

[43455]

No. 465.

Foreign Office to Anglo-Persian Oil Company.

Sir,

Foreign Office, December 19, 1910.

I AM directed by Secretary Sir Edward Grey to acknowledge the receipt of your letter of the 5th instant, relative to the proposal of your company to bore for oil in the territories of the Sheikh of Mohammerah.

It appears from this letter, and from the private communication of the same date addressed by you to Mr. Mallet, that your company are prepared to conclude an agreement with the sheikh by which they would pay him in respect of any lands where they desire to bore for oil adequate compensation for any disturbance, and a fair rent while they occupy the land, and would restore it to its present condition if no oil were found there, or buy or lease it, as might be arranged, should oil be discovered. They would also pay the sheikh, should he demand it, a certain share of the profits derived from his land.

* No. 465.

Sir E. Grey further understands that, should your company agree to make the last-named payment to the sheikh, they would propose to deduct an equivalent amount from the sum which, under the terms of the concession of 1901, they are bound to pay to the Persian Government under the same head, and that they would then solicit the support of His Majesty's Government in inducing the Persian Government to acquiesce in such a step.

Before pronouncing an opinion on this proposal, Sir E. Grey is anxious to be in possession of the views of His Majesty's Minister at Tehran, and has accordingly forwarded to Sir G. Barclay copies of the correspondence above referred to, with an explanation of the circumstances and instructions to express his views on the case, and, should he consider your proposal justified, to authorise His Majesty's consular officers on the spot to support the local agents of the company in their efforts to conclude an agreement with the sheikh on the lines suggested by you.

With regard to the misunderstanding referred to in your letter, I am to transmit to you herewith copies of correspondence between the acting British consul at Mohammerah and the company's agents, which has reached Sir E. Grey in a despatch recently received from Sir G. Barclay,* from which it will be observed that the latter was justified in the apprehensions which he felt as to the line which the company appeared determined to take, and therefore in sending the telegram which formed the basis of Mr. Mallet's letter of the 18th ultimo, the first of the present correspondence.

In his despatch referred to Sir G. Barclay expresses the opinion (which is also that of His Majesty's consul at Bushire and of the acting British consul at Mohammerah) that, whatever may be the strict legal rights of the company under the concession of 1901, their best interests would be served by treating the sheikh in such a manner as to keep him favourably disposed towards them as he has been in the past.

Sir E. Grey concurs in this opinion, both on general grounds and because the settlement of the legal question referred to, if possible at all, could not be effected without endless delay and difficulty, which could not fail to be prejudicial to the interests of the company and without incurring the hostility of the sheikh, who could in practice make all their operations impossible. He is accordingly glad to observe from your letter under reply that the company are prepared to treat the sheikh in a generous and conciliatory manner, and to abstain from insisting on the course indicated in the enclosed correspondence.

I am, &c.
LOUIS MALLET.

[44999]

No. 466.

Sir Edward Grey to Sir G. Buchanan.

(No. 316. Secret.)

Sir,

Foreign Office, December 20, 1910.

I HAVE received your Excellency's despatch No. 482 of the 9th instant, recording a conversation with the Russian Minister for Foreign Affairs respecting the importance attached by His Majesty's Government to a continuance of the most friendly relations with the Russian Government, and also regarding the negotiations which have taken place between the Russian and German Governments since the recent meeting at Potsdam.

I entirely approve your Excellency's language as recorded in this despatch.

I am, &c.
E. GREY.

[46112]

No. 467.

Sir G. Barclay to Sir Edward Grey.—(Received December 21.)

(No. 507.)

(Telegraphic.) R.

Tehran, December 21, 1910.

MY telegram No. 420 of the 26th October.

His Majesty's consul at Tabreez hears that Rahim Khan has crossed the frontier, and that two of his sons are with Shahsevens.

* Printed elsewhere.

Persian Government, having heard same story, complained some days ago to Russian Minister. Latter enquired of his Government, who replied that Rahim Khan was still in Russia, and added that he was not a prisoner and might therefore elude their supervision, but if he went to Persia he would not be allowed to return to Russia. St. Petersburg informed.

[46172]

No. 468.

Sir G. Buchanan to Sir Edward Grey.—(Received December 21.)

(No. 337.)

(Telegraphic.) P.

St. Petersburg, December 21, 1910.

CONVERSION of Persia's debts to Russia.

I am informed by M. Sazonow that he has received a telegram from M. Poklewski containing new proposals which have been put forward by the Persian Government. These proposals are being submitted to the Minister of Finance, and M. Sazonow hopes that they will facilitate a settlement on satisfactory lines.

[45583]

No. 469.

Foreign Office to India Office.

Sir,

Foreign Office, December 21, 1910.

I AM directed by Secretary Sir Edward Grey to transmit to you herewith, to be laid before the Earl of Crewe, copy of a letter from the managing director of the Anglo-Persian Oil Company,* who asks that the transfer of Lieutenant Ranking to India may be deferred until after February next, in order that the directors of the company may have the benefit of his experience in arranging the question of land compensation, at present under discussion between the company and the Bakhtiari khans.

I am to state that Sir E. Grey would be grateful if the Government of India could be asked by telegraph whether they are willing to comply with the request of the company.

I am, &c.
LOUIS MALLET.

[45858]

No. 470.

Foreign Office to India Office.

Sir,

Foreign Office, December 21, 1910.

I AM directed by Secretary Sir Edward Grey to transmit to you herewith, to be laid before the Earl of Crewe, copy of a telegram received from His Majesty's Minister at Tehran on the subject of the relief of the Shiraz consular escort and the retention of the Maxim gun at present kept there for the protection of His Majesty's consulate.†

Sir G. Barclay's opinion, that the retention of the Maxim was desirable, was brought to your knowledge in a letter from this Office, dated the 21st ultimo, and in view of this I am to express the hope that the Government of India may be instructed to arrange for the inclusion in the relieving detachment of the crew necessary to work that gun.

I am, &c.
LOUIS MALLET.

* No. 441.

[1761]

† No. 460.

4 C

[45603]

No. 471.

Foreign Office to Imperial Bank of Persia.

Sir, *Foreign Office, December 21, 1910.*
 WITH reference to your letter of the 21st November last on the subject of the arrangement come to between the Persian Government and the Imperial Bank of Persia in respect to the Anglo-Indian debt of the Persian Government, I am directed by Secretary Sir Edward Grey to transmit to you, for the information of your board of directors, a table of amortisation of the loan for the period from the 21st March, 1913, to the 20th March, 1928, which has been received from the India Office.*

In the letter forwarding this paper satisfaction is expressed that the arrangements laid down in the agreement of the 26th May, 1910, whereby monthly payments were to be made to the Imperial Bank of Persia of the receipts of the southern customs, are now working regularly, and that the India Office will shortly be credited with the sums due to it.

The letter adds that it is in accordance with past correspondence and clause 9 of the agreement that these sums should be credited month by month, and not at the end of each year.

I am, &c.
 LOUIS MALLET.

[45583]

No. 472.

Foreign Office to Anglo-Persian Oil Company.

Sir, *Foreign Office, December 21, 1910.*
 I AM directed by Secretary Sir Edward Grey to acknowledge receipt of your letter of the 16th December, with reference to the reported intention of the Government of India to remove Lieutenant Ranking from the post of His Majesty's consul at Ahwaz.

I am to inform you, in reply, that a copy of your letter has been forwarded to the India Office, with the request that the Government of India may be asked by telegraph whether they are willing to defer the removal of Lieutenant Ranking, in accordance with the desire expressed by you, till the questions at issue between your company and the Bakhtiari khans have been satisfactorily settled.

I am, &c.
 LOUIS MALLET.

[46192]

No. 473.

India Office to Foreign Office.—(Received December 22.)

Sir, *India Office, December 21, 1910.*
 WITH reference to the correspondence ending with your letter of the 20th April last, I am directed by the Secretary of State for India to forward, for the consideration of the Secretary of State for Foreign Affairs, copy of a letter from the Government of India, recommending the permanent retention of the consular escort at Mohammerah.

Having regard to the fact that it is the policy of His Majesty's Government to effect economies in the consular establishments of Persia, the Earl of Crewe does not consider that the general argument of increased efficiency of itself justifies the expenditure involved. If, however, Sir E. Grey is of opinion that in consequence of the peculiar relations in which His Majesty's Government stand to the Sheikh of Mohammerah, and of the increased responsibility entailed by the operations of the Anglo-Persian Oil Company, the permanent retention of the escort is necessary, his Lordship is prepared to admit one-half of the expenditure as a charge upon Indian revenues. According to the Government of India's letter of the 24th February, 1910 (copy of which was enclosed in Mr. Campbell's letter of the 24th March last), the annual cost of the escort is estimated at 4,030 rupees.

I am, &c.
 R. RITCHIE.

* No. 440.

Enclosure in No. 473.

Government of India to Viscount Morley.

My Lord, *Simla, November 3, 1910.*
 WITH reference to your Lordship's telegram, dated the 22nd April, 1910, sanctioning the temporary retention of an escort of four sowars for the Mohammerah consulate, we have the honour to forward a copy of a letter, dated the 25th September, 1910, from the political resident in the Persian Gulf, in which he represents the necessity for a permanent escort for the consulate.* We strongly support the political resident's views, and would request sanction to the permanent retention of the escort as proposed.

2. We have effected considerable reductions in the escorts at Meshed and Seistan, while the escort attached to the late consulate at Turbat-i-Haidari has been entirely withdrawn. These reductions are being reported to your Lordship separately.

3. As the present escort at Mohammerah is due for relief about the beginning of December, 1910, we should be glad to be favoured with your Lordship's orders by telegraph.

We have, &c.
 MINTO.
 S. P. SINHA.
 J. L. JENKINS.
 B. ROBERTSON.

[46186]

No. 474.

India Office to Foreign Office.—(Received December 22.)

Sir, *India Office, December 21, 1910.*
 IN reply to your letter dated the 24th November, 1910, regarding a proposal that Lieutenant Wilson should proceed on a tour for the purpose of investigating the Dizful-Burujird section of a projected Mohammerah-Julfa Railway, I am directed by the Secretary of State for India to enclose copy of telegraphic correspondence with the Government of India upon the subject.

In view of the fact that a project for this railway, in which the Russian Government as well as ourselves are interested, has been proposed by your department and may possibly take practical shape in the near future, it seems to the Earl of Crewe that it would be well to be provided in good time with the information that Lieutenant Wilson may be able to obtain.

He is therefore prepared, subject to any observations that Secretary Sir E. Grey may have to offer, to sanction the proposal on the understanding that the cost, estimated at 1,500 rupees (100l.) a-month for six months, is equally shared between the British and Indian Governments and that the condition suggested by the political resident is complied with, viz., that Lieutenant Wilson should spend some time in Dizful prior to starting for his tour, and should not take the field unless he can do so without undue risk.

Lord Crewe further agrees that the work should be undertaken before the examination by Lieutenant Wilson of the Bushire-Aliabad route.

I am, &c.
 R. RITCHIE.

Enclosure 1 in No. 474.

The Earl of Crewe to Government of India.

(Telegraphic.) P. *India Office, November 28, 1910.*
 RAILWAY from Julfa to Mohammerah.
 Please see two letters dated the 2nd ultimo, from resident, Persian Gulf, copies

* See enclosures in No. 448.

of which were enclosed in letter dated the 10th instant, from Secretary to Government of India, Foreign Department.

Your views are solicited, together with estimates, regarding proposed deputation of Wilson.

Enclosure 2 in No. 474.

Government of India to the Earl of Crewe.

(Telegraphic.) P.

December 5, 1910.

PLEASE refer to your telegram dated the 28th ultimo.

The recommendation that the Dizful-Burujird section of the projected alignment from Julfa to Mohammerah should be investigated by Lieutenant Wilson before he examines Bushire-Aliabad route, has our support on condition proposed in letter dated the 2nd October, from resident, Persian Gulf. Your sanction is solicited. A moiety of cost, 1,500 rupees a-month for six months, will, it is assumed, be borne by Treasury. Letter dated the 21st September, from Lieutenant Wilson, contains the details.

[46188]

No. 475.

India Office to Foreign Office.—(Received December 22.)

Sir,

India Office, December 21, 1910.

IN continuation of my letter of the 16th December, 1910, regarding reduction of expenditure on consular establishments at Meshed and Turbat-i-Haidari, I am directed by the Secretary of State for India to enclose copy of a further Secret letter from the Government of India, reporting that reductions have been made in the charges for the Seistan consulate, of which the effect is an estimated saving of approximately 42,000 rupees (2,800*l.*) a-year. This will be further increased later by the abolition of the vice-consulate at Koh-i-Malik Siah and by other economies.

Subject to the concurrence of Secretary Sir E. Grey, the Earl of Crewe proposes to inform the Government of India that these changes are approved by His Majesty's Government, including the grant of an allowance of 100 rupees a-month (80*l.* a-year) to the medical officer at vice-consul at Seistan, with effect from the 10th October, 1910.

I am, &c.

R. RITCHIE.

Enclosure in No. 475.

Government of India to the Earl of Crewe.

(Secret.)

My Lord,

Fort William, November 17, 1910.

IN your predecessor's Secret despatch dated the 25th June, 1909, Lord Morley invited our attention to a suggestion made by His Majesty's Secretary of State for Foreign Affairs that expenditure on Seistan should be reduced forthwith by one-half, and he requested us to consider what material reductions could be immediately effected.

We now have the honour to forward, for your Lordship's information, a copy of the correspondence noted in the margin,* showing the reductions which, as the result of careful consideration, we have made in the charges for the Seistan consulate.

2. It will be perceived from the statement accompanying our letter to the consul, dated the 10th October, 1910, that the effect of our orders is a reduction of approximately 42,000 rupees in the annual budget allotment for the consulate. This reduction will be further increased later by the abolition of the vice-consulate at Koh-i-Malik Siah, which will be effected as soon as provision can be made for the present incumbent, and by other economies which are still under consideration. The heads under which reduction has already been ordered are:—

* Consul for Seistan and Kain, January 4; to ditto, October 10, 1910; not printed.

	Rupees.
(a.) Abolition of the appointment of vice-consul, Seistan, saving ..	10,125
(b.) Establishment charges, saving	14,260
	(or 14,620)
(c.) Allowances, saving	5,700
(d.) Supplies and services, saving	6,220
(e.) Contingencies and miscellaneous, saving	5,990
Total saving	42,295
	(or 42,655)

We trust that your Lordship will recognise that, in making this substantial reduction, we have used our best endeavours to comply with the desire of His Majesty's Government for economy in the Seistan consulate.

3. It will be noticed that under the orders which we have issued the duties of vice-consul, Seistan, which will no longer be maintained as a separate appointment, will henceforth be performed *ex officio* by the medical officer of the consulate, and that it is proposed to grant to the latter a vice-consular allowance of 100 rupees a-month for this addition to his duties. We shall be glad if your Lordship will sanction the grant of this allowance with effect from the 10th October, 1910, the date on which the appointment of vice-consul was abolished.

4. The reductions made by us in the consular establishments at Meshed and Turbat-i-Haidari have been reported in a separate despatch dated the 3rd November, 1910. Colonel Cox's proposals as regards the establishments under the control of the Bushire Residency are still under consideration. Assuming that these are ultimately approved, the total reductions effected in the consulates manned by the Government of India will amount to about 2,40,000 rupees a-year as follows:—

	Rupees.
Reductions at Meshed and Turbat-i-Haidari	1,32,630
" Seistan	42,295
" Bushire and consulates in the Gulf (still under consideration) ..	67,509
Total	2,42,434

We have, &c.

MINTO.

O'M. CREAGH.

G. FLEETWOOD WILSON.

S. P. SINHA.

J. L. JENKINS.

R. W. CARLYLE.

B. ROBERTSON.

[46369]

No. 476.

Note communicated by M. Cambon, December 22, 1910.

L'AMBASSADEUR de France a l'honneur d'exprimer au Secrétaire d'État pour les Affaires Étrangères ses remerciements de sa note en date du 21 novembre dernier relative à la créance de la maison Schneider contre la Perse, et, afin de permettre au Gouvernement français d'apprécier à leur juste valeur les dispositions bienveillantes du Gouvernement britannique, il serait heureux d'être fixé sur la nature et l'importance des réclamations anglaises auxquelles se réfère cette communication.

La maison Schneider, en effet, n'est pas un créancier du Schah; elle a fait des fournitures à l'État persan, et a reçu en paiement des bons du Trésor, dont certains sont échus et d'autres à échoir; ces bons sont négociables, ils font partie de la dette flottante de la Perse au même titre que les bons détenus par les banques, et le Gouvernement français ne peut les traiter de la même manière que les comptes et factures de fournisseurs divers.

Cette situation particulière est connue de la Banque Impériale de Perse, et elle mérite d'être signalée à l'attention du Secrétaire d'État pour les Affaires Étrangères, auquel l'Ambassadeur de France renouvelle ici les assurances de sa haute considération.

*Ambassade de France, Londres,
le 22 décembre, 1910.*

[1761]

4 D

[46354]

No. 477.

The Imperial Bank of Persia to Foreign Office.—(Received December 23.)

Sir, 25, Abchurch Lane, E.C., December 22, 1910.
I HAVE the honour to acknowledge the receipt of your letter of yesterday's date, and to thank you for the list of amortisation of the Anglo-Indian loan for the period the 21st March, 1913, to the 20th March, 1928.

In our letter of the 12th instant we advised you that we hold at your disposal the sum of 8,380*l.* 17*s.* 4*d.*, on account of interest due from the 20th March up to the 20th November, 1910, and if the India Office will be so good as to send us a receivable order for this amount we will pay it into the Bank of England for their account, or, if preferred, we will send the Foreign Office our cheque for the amount.

We would mention in reference to the Anglo-Indian debt, that in the total sum due by the Persian Government on the 20th March, 1910, amounting to 314,281*l.* 16*s.* 4*d.*, is included 42,261*l.* 0*s.* 9*d.* for arrears of interest, of which 8,452*l.* 4*s.* 0*d.*, representing one-fifth, is due to us.

For the simplification of accounts we suggest deducting the 8,452 4*s.* from the first instalment of principal payable in March 1913, and we shall be glad to receive your approval of this proposal.

I have, &c.
G. NEWELL, *Manager.*

[46344]

No. 478.

Sir G. Barclay to Sir Edward Grey.—(Received December 23.)

(No. 508.)
(Telegraphic.) R. Tehran, December 23, 1910.

MY telegram No. 505 of the 19th December.

His Majesty's consul-general at Bushire informs me that detachment of native infantry which left Bombay 22nd December for relief of Shiraz detachment contains men competent to work Maxim.

I am accordingly detaining gun at Shiraz.

[46469]

No. 479.

Sir G. Barclay to Sir Edward Grey.—(Received December 24.)

(No. 509.)
(Telegraphic.) P. Tehran, December 24, 1910.

RAHIM KHAN.

Please refer to my telegram No. 507 of the 21st December.

His Majesty's consul at Tabreez telegraphs as follows: No. 75 of the 22nd December:—

"Mukhber-es-Sultaneh is trying to induce Rahim Khan to come to Tabreez, and has offered him a guarantee that he will not be molested. He has also informed Rahim Khan that his continued presence in Karadagh cannot be allowed."

[45632]

No. 480.

Sir Edward Grey to Sir G. Barclay.

(No. 206.)
Sir, Foreign Office, December 24, 1910.

I HAVE received your despatch No. 208 of the 12th November, submitting for my consideration and advice a case which has arisen between the Imperial Bank of Persia and Haji Mohammed Dehdasty, Muin-ut-Tujjar.

I have to inform you in reply that, in my opinion, article 10 of the bank's concession, which "provides for arbitration in case of difference," is evidently not designed to supersede the ordinary jurisdiction of the courts with regard to commercial debts; to interpret the article thus would be to introduce the necessity of the bank bringing into play the elaborate and expensive machinery of arbitration for the purpose

of recovering even the smallest sum from a creditor who declines to pay. By such a procedure the bank, so far from respecting the general laws of the country which, in the same article it undertakes to do, would be rendering those laws inoperative by passing outside of them.

I therefore concur with the contention of the bank, that article 10 does not deprive it of the right to take legal proceedings if and when necessary to protect its interests and to recover debts due to it.

I do not, however, feel sure that it would be prudent to adopt the bank's second contention, namely, "that this article was drawn up to meet cases where there is a difference of law or banking usage."

It appears to me, in the absence of further information, that the arbitration clause in article 10 of the concession should be read *secundum subjectam materiam* in connection with the subject-matter of the concession itself, and the "difference" alluded to therein should be held to refer to a difference as to the interpretation of the concession, some question, for example, as to the exact nature of rights granted or powers exercisable thereunder.

As at present advised, I consider that the interpretation favoured by the bank, that the word "difference" refers to a "difference of law or banking usage," is neither so obvious, so natural, nor so advantageous to its interests as that which I have outlined above.

Your action in supporting the bank's contention, that the terms of this article do not deprive it of the right to take legal proceedings, has, however, my approval.

I am, &c.
E. GREY.

[46520]

No. 481.

Sir G. Barclay to Sir Edward Grey.—(Received December 26.)

(No. 510.)
(Telegraphic.) R. Tehran, December 26, 1910.

MINISTER for Foreign Affairs is much exercised at your answer in the House of Commons on 22nd November that quite lately an attack had been made on Russian consulate.

His Excellency has written me a plaintive official note on the subject, asking me to clear up misapprehension which he thinks that you must be under in making this statement.

I am taking no notice of this note. If you receive a similar communication in London from Persian Minister you will doubtless telegraph any points on which you may desire further information.

[46555]

No. 482.

Mr. Marling to Sir Edward Grey.—(Received December 28.)

(No. 906.)
Sir, Constantinople, December 15, 1910.

I HAVE the honour, with reference to my despatch No. 897 of the 9th instant, to inform you that His Majesty's vice-consul at Mosul reports as follows in regard to the military situation in his district:—

"There are 13 Nizam battalions, and if the strength of a battalion is estimated at a maximum of 450 men, the total amounts to 5,850.

"There are 32 Redif battalions, none of which are at present under arms. Desertion being exceptionally easy in this region, they are an almost insignificant element. The average strength of a battalion is probably not more than 30 men, in which case the 32 battalions constitute a force of 960 men.

"The head-quarters of the Nizam division (the 12th) and of one of the Redif divisions (the 24th) have been transferred from Mosul to Kerkuk, hitherto the head-quarters only of the 23rd Redif division, which remains there.

"Kerkuk, which has extensive barracks and is an important centre for recruiting amongst the Kurdish, Arab, and Turcoman sedentary population, has thus become the depôt of nearly all the troops in the district.

"Whilst some degree of concentration at that point could be explained by general considerations of internal and external policy and strategy the present massing of

troops certainly exceeds any probable administrative requirements, and by absorbing the battalions previously stationed at Mosul, Sinjar, and Zakho leaves the north-western portion of the district undesirably depleted.

"A striking feature of the new position is the apparently permanent establishment of two Nizam battalions at Passova, and there is suggestion that the available military resources have been strained to secure a position more favourable for rapidly and effectively reinforcing, should circumstances allow, the advanced posts at Soujboulak, Nagirdeh, and perhaps other places beyond the eastern limit of the debatable frontier region, to say nothing of Bana and Serdesht, which lie within it.

"It appears, too, that barracks have been constructed at Passova, and telegraphic communication has been extended to that post from Ravanduz through Rayat."

I have, &c.

CHARLES M. MARLING.

[46561]

No. 483.

Mr. Marling to Sir Edward Grey.—(Received December 28.)

(No. 912.)

Sir,

Constantinople, December 20, 1910.

WITH reference to my telegram No. 263 of yesterday's date, I have the honour to report that I told Rifaat Pasha this morning that I had received information that 750 troops had recently been collected at Kerkuk and dispatched in the direction of Passova, and enquired of his Excellency what this military activity implied.

The Minister for Foreign Affairs said that no military movements on or near the Persian frontier could take place without his knowledge and assent, and as he had no information of any body of troops being sent towards Passova he thought my information was inaccurate. He, however, made a note of what I had told him, with a view to enquiry into the matter.

Rifaat Pasha added that the strictest orders had been given to the military authorities near the frontier that there was to be no increase of the troops in the districts in Turkish occupation.

I have, &c.

CHARLES M. MARLING.

[46581]

No. 484.

Mr. Marling to Sir Edward Grey.—(Received December 28.)

(No. 66. Consular.)

Sir,

Constantinople, December 21, 1910.

WITH reference to my despatch No. 49, Consular, of the 21st September last, I have the honour to forward herewith a despatch from His Majesty's consul-general at Bagdad, submitting copy of a further letter which he has addressed to the Government of India on the subject of the proposal to transfer the Bagdad post to the Levant consular service.

I have, &c.

CHARLES M. MARLING.

Enclosure in No. 484.

Consul-General Lorimer to Government of India.

(Secret.)

Sir,

Bagdad, November 17, 1910.

IN my letter of the 20th August, 1910, to the Government of India in the Foreign Department, I had the honour to enclose a memorandum relating to the suggested transfer of the representation of British interests at Bagdad from the Indian political to the Levant consular service, and a general reduction of the expenditure on that post. The reasons against a change advanced in the memorandum were mostly of a permanent character, and I desire now to supplement them by others of a nature probably more transient.

2. In view of the unsatisfactory state of affairs which prevails in this province of

Turkey and in the neighbouring country of Persia, the present time is, in my opinion, inopportune for any visible reduction of the British establishments at Bagdad. Any diminution of British prestige or influence would, I anticipate, react unfavourably on British interests at what is probably a critical and formative epoch in the history of both Turkey and Persia.

Certain minor reductions in the establishments of the Bagdad political residency, proposed by me and sanctioned by the Government of India in their letter of the 28th September, 1910, will shortly come into effect; but they are not such as to attract attention or to produce political consequences.

3. The Government of India will have observed from my recent monthly summaries of events in Turkish Irak that Nazim Pasha's administration of the province has already belied the fair promises with which it started, and that its future is beset by difficulties, if not by dangers.

Evidences of any constructive policy are entirely wanting. Irrigation and agriculture are neglected; not a single ordinary road has yet been begun, though one of the chief disadvantages under which the country labours is a total want of the most ordinary communications. Many schemes of improvement have been discussed (*vide* my summaries *passim*), but none of them seem likely to take material shape. Attention has been chiefly devoted to the army and to the Bagdad municipality, but without much beneficial result to either; and effort in military reform seems likely to be arrested shortly for want of funds. In spite of a sweeping reduction of outlying garrisons, the military force which it has been possible to concentrate at Bagdad only amounts to about 2,000 infantry with a few cavalry and artillery; and the military position, unless the emergency measure of calling out the reserves—recently disbanded—is taken, will continue to be extremely weak. The widening of certain streets at Bagdad, though carried out with much illegality and oppression, is being done in such a manner as to confer very little advantage on the town.

On the other hand, tribal questions have been allowed to slide, and the chief difficulty of administration in this province has thus, for the present, been avoided. But sooner or later the prestige of the Government will have to be rehabilitated in districts which they now find it convenient to ignore, raids and robberies will have to be punished, and tribes which are withholding their taxes will have to be coerced; and it is then that the embarrassments of the new administration are likely to begin, and that their powerlessness may be expected to become apparent.

It would perhaps be going too far to aver that where Nazim Pasha seems to have failed—though he came here with the amplest powers and a staff of his own choosing, including, probably, some officers of the best type that Turkey can supply—no other can succeed; but those following him will be confronted by the same difficulties as he. Those difficulties appear to me to be inherent in the situation, and almost certain to prove insuperable within any period to which it is possible to look forward. The chief are administrative ignorance and incapacity in even the best Turkish officials, aggravated by peremptoriness and a lack of sympathy with the governed; the entirely non-Turkish character of this province; and the great extent, sparse population, and poverty of the country as a whole.

It may be added that the policy of the new Government here towards foreign interests and subjects has been one of unprecedented hostility; indeed, their action in a number of matters affecting foreigners has been but little, if at all, removed from persecution. As the Government of India are aware, the aggressions of the local Government have extended even to British subjects, some of whom have suffered severely and have not so far obtained redress.

The facts above recounted do not appear to me to favour any radical reduction in the British establishments at Bagdad. Such a measure could not manifestly be ascribed to any increase of confidence on the part of His Britannic Majesty's Government in the Turkish administration of Irak; and, on the other hand, it might, and probably would, be regarded as a sign that British interests here no longer stand on the same dignified and unassailable basis as formerly.

4. The connection between Persia and the Turkish province of Irak is very intimate. Irak contains the two principal shrines of Persian pilgrimage, and the mujtehedes of Nejef and Kerbela appear to be held in high, though undeserved, estimation by the ignorant masses in Persia. Persian subjects in this country are computed at 50,000 souls. The trade of Bagdad itself is, to the extent of one-half at least, a transit trade between Persia and the rest of the world. In these circumstances, whatever happens in Irak becomes quickly known in Persia, and, if it has any bearing on Persian affairs, influences feeling and opinion in that country.

[1761]

It follows that the question of a diminution in the status of the British residency at Bagdad requires to be carefully considered with reference to British policy in Persia also; but whether such a diminution would or would not produce an impression in Persia that British influence in the Middle East was declining, and what the results of such an impression might in present circumstances be, are points upon which I am not qualified to advise.

5. I venture to submit, however, that the functions of the resident at Bagdad are till as necessarily and essentially political as they have been at any time since Bagdad ceased to be a pashalik independent, except in name, of the Porte; and I infer, with respect, that the time has not yet come for suppressing the political attributes of the post and reducing it to a commercial consulate. In my humble opinion, it would be prudent to postpone any such fundamental and irrevocable change until the internal situation in Turkey, and possibly in Persia also, is more promising and more settled than it appears at present.

6. In conclusion, I may advert, though the matter is still in an inchoate stage, to Sir William Willcocks's scheme for the construction of a railway between Bagdad and Bussorah, which was brought to notice in my (very confidential) despatch* of the 17th October, 1910, to His Britannic Majesty's Ambassador at Constantinople. It seems most probable that this enterprise, if undertaken under British financial auspices, would be directed from India, where railway construction and working are subject to much the same conditions as they would be here; and the effect of the line, when completed, would no doubt be to increase the eastward trend of Mesopotamian interests and affairs.

I have, &c.

J. G. LORIMER, I.C.S.,
Political Resident in Turkish Arabia.

[46610]

No. 485.

Sir A. Hardinge to Sir Edward Grey.—(Received December 28.)

(No. 162.)

Sir,

Brussels, December 24, 1910.

THE Persian Minister here, who has been to see Nasr-ul-Mulk at Paris, informs me that his Excellency has just left Montreux and expects to arrive on about the 10th January at Tehran. He says that he found Nasr-ul-Mulk still quite undecided as to whether he will accept the Regency or not, and that his eventual decision will depend upon the conditions which he is able to make, when he reaches Tehran, both with the Medjliss and with the various Persian factions outside it.

I have, &c.

ARTHUR H. HARDINGE.

[46758]

No. 486.

Sir G. Barclay to Sir Edward Grey.—(Received December 28.)

(No. 511.)

(Telegraphic.) P.

Tehran, December 28, 1910.

MIR BARKAT.

Please refer to my telegram No. 440 of the 31st October.

His Majesty's consul-general at Bushire telegraphs as follows:—

"Friendly Mir Hajji and villages round Sirig having been threatened by Mir Barkat, a force of 100 sepoys and 80 bluejackets and marines was landed by His Majesty's ship 'Fox' with the object of dispersing the raiders. Landing party occupied fort at Sarzeh, and having, after 4 hours desultory fighting, dispersed the raiding force, returned without casualty to His Majesty's ship 'Fox.' I was not able to warn your Excellency beforehand owing to shortness of time."

* Copies were sent to the Government of India under endorsement of the same date.

Colonel Cox refers in final paragraph to my telegram in which I authorised adoption of course, but stipulated that he was to inform me when action was contemplated.

In view of circumstances reported by Colonel Cox, I am approving action taken on this occasion.

[46829]

No. 487.

Sir G. Barclay to Sir Edward Grey.—(Received December 28.)

(No. 512.)

(Telegraphic.) P.

Tehran, December 28, 1910.

HUSSEIN KULI KHAN has tendered his resignation, which has been accepted by Persian Government.

(Confidential.)

Minister for Foreign Affairs has, I am given to understand, left the Ministry owing to his despair of maintaining the independence of Persia in the face of what he calls the arbitrary acts of Russia, and to his anxiety lest the scheme for policing the southern trade routes should be insisted on by His Majesty's Government.

These are reasons which his Excellency gave to Abbas Kuli Khan, but I learn that he has informed others that his final decision was come to as a result of a private letter from me of the 24th December, reminding him that only three weeks remained before His Majesty's Government would insist, if order were not restored, on the engagement of British officers to organise a force for policing the route. I added that I had received no reply to my last note, and had nothing tangible which I could report to you except most unfavourable news from our consulates.

Since his Excellency's resignation I have received reply to my letter from Under-Secretary announcing that Persian Government's reply to my note would be sent to-day, and that it would inform me as to the measures already taken by Persian Government.

[46697]

No. 488.

Mr. Marling to Sir Edward Grey.—(Received December 28.)

(No. 265.)

(Telegraphic.) P.

Constantinople, December 28, 1910.

MY telegram No. 263.

His Majesty's vice-consul at Mosul informs me that energetic military preparations are reported at Kerkuk, and that some 200 cases of ammunition for mountain guns have during the last few days been dispatched thither from Mosul.

[38002]

No. 489.

Foreign Office to War Office.

Sir,

Foreign Office, December 28, 1910.

I AM directed by Secretary Sir E. Grey to draw your attention to the letter from this Office of the 2nd November last enquiring the view of the Army Council as to whether the post of military attaché at Meshed should be further temporarily retained or permanently established.

As the Council are aware, the arrangement now in force respecting the retention of this post expires on the 31st of the present month, and, in view of this fact, I am to state that Sir E. Grey would be glad to receive an early reply to the above-mentioned letter.

I am, &c.

LOUIS MALLETT.

[46951]

No. 490.

Sir G. Barclay to Sir Edward Grey.—(Received December 29.)

(No. 513.)

(Telegraphic.) R.

Tehran, December 29, 1910.

PERSIAN Government have now replied to my note of 17th November respecting insecurity of southern roads.

After briefly disputing irrelevant question of Russian troops, the note enumerates measures now being taken to restore order:—

1. Appointment of competent Governor-General to Fars, who will shortly arrive at his post and will take radical measures for restoration of general order.

2. Soulet-ed-Dowleh has been charged with responsibility for safety of main Bushire-Shiraz road, which is now being patrolled by 380 of his guards, and, according to reliable reports, is in perfect security.

3. Seven hundred men and three guns have already left Tehran for Ispahan, where they will be joined by three regiments from elsewhere, and will proceed to reinforce Fars garrison.

4. A considerable portion of the proceeds of the Imperial Bank of Persia's projected loan will be earmarked for restoration of order under a system of control now being elaborated by the Persian Government.

5. Besides appointment to Fars of a military European officer now serving under Persian Government, very shortly number of men will be employed from abroad for prompt reorganisation of gendarmerie.

Note, after discussing in detail customs statistics with a view to showing that general southern trade has not suffered, alludes to surtax of 10 per cent., stating that Persian Government will institute a scheme by which revenue derived from this source will be effectively applied, and expressing confidence that this scheme will be considered as satisfying condition that proceeds are to be spent effectively on object in view.

As regards our proposed scheme, note concludes by merely referring to Persian Government's note of 21st October.

Full text of note should reach you on 11th January. Unless you desire my views earlier, I would propose to telegraph them about that date, together with latest information as to state of road.

[46829]

No. 491.

Sir Edward Grey to Sir G. Barclay.

(No. 368.)

(Telegraphic.) P.

Foreign Office, December 29, 1910.

It would seem from recent telegrams from "Times" correspondent at Tehran that an improvement had occurred in the state of the southern roads.

Is this the case, and is the Bushire-Shiraz road open again to traffic? By your telegram No. 512 of the 28th December news received from our consulates would not appear to be of a reassuring character.

[45505]

No. 492.

Foreign Office to Board of Trade.

Sir,

Foreign Office, December 29, 1910.

I AM directed by Secretary Sir Edward Grey to acknowledge receipt of your letter of the 16th instant, enclosing a memorandum on the subject of the claims of Messrs. Weir and Messrs. Ellinger in connection with the Muin-ut-Tujjar's concession for mining red oxide on the island of Hormuz, and to state that the conclusions therein set forth will be communicated to the latter of the two firms.

It is evident that this communication will elicit from Messrs. Ellinger a defence of their previous contentions, which will probably give rise to a considerable amount of discussion between that firm and the Board on purely technical points, on which this department would not be competent to express an opinion, and in the decision of which it could hardly be of any assistance.

I am accordingly to suggest that direct discussion of this question should take place, on the basis of your letter under reply, either by correspondence or, still better, by personal interviews between representatives of the Board and of Messrs. Ellinger, a course by which, in Sir E. Grey's opinion, a useless expenditure of time and trouble would be avoided.

If the Board of Trade were willing to accept this suggestion, a representative of this department could, if it were thought desirable, be deputed to attend at any discussions which might take place, though, in view of the nature of the questions to be treated, it is doubtful whether his presence on such occasions would serve any useful purpose, and it might be enough if the terms of the settlement eventually reached were communicated officially by the Board to Sir E. Grey.

Before, therefore, communicating further with Messrs. Ellinger on the subject of their claim, Sir E. Grey would be glad to learn whether the Board of Trade would be willing to adopt the proposed course, and would consent to the suggestion being made to that firm.

With regard to the last paragraph of your letter, I am to say that Sir E. Grey is quite prepared to exhort Messrs. Ellinger to come to terms with Messrs. Strick, although unsuccessful negotiations between the two firms have already taken place. He would, however, prefer not to use to the former firm the language suggested, to the effect that "His Majesty's Government can only undertake to continue to support them provided that they show a reasonable readiness to abate all extreme features of their claim."

In their treatment of this question hitherto, Messrs. Ellinger have shown no signs of unreasonableness or impatience, and they will doubtless be willing to reduce the amount of their claim, if the justice of such a course can be demonstrated. A communication of the kind proposed would, moreover, be likely to give Messrs. Ellinger the impression that His Majesty's Government were hesitating to fulfil the obligations assumed towards them, and, by irritating them, to render them less disposed to follow any advice which may be offered to them.

As regards the suggested warning to Messrs. Strick that "the support of His Majesty's Government in any difficulties which may arise in Persia cannot be accorded to them unless they carry out, both in the spirit and in the letter, their obligation to the Persian Government with regard to the claims of Messrs. Weir and Messrs. Ellinger in connection with the Muin," I am to observe that that firm have never received, nor even solicited, any assurance of support from His Majesty's Government in connection with this question, and are fully prepared to accept, unaided, the risks which they know to be involved in the course adopted by them, so that an intimation of this kind would have no effect. There is, moreover, no evidence that Messrs. Strick have any intention of evading their obligations, and they might justly resent such a warning as an imputation on their good faith.

I am to add that Sir E. Grey is unaware of the precise terms of the agreement concluded between the Persian Government and Messrs. Strick, of which he has not seen the text, and of the exact nature and extent of the obligations, above referred to, assumed by that firm, of the existence of which he has no official knowledge. I am accordingly to suggest that it would be well to avoid all reference to this subject in correspondence or verbal discussion with Messrs. Ellinger.

I am, &c.

LOUIS MALLET.

[46978]

No. 493.

India Office to Foreign Office.—(Received December 30.)

Sir,

India Office, December 29, 1910.

I AM directed by the Secretary of State for India to acknowledge the receipt of your letter of the 19th instant, reporting payment by the Persian Government to the Imperial Bank of the sum of 8,380l. 17s. 4d. on account of interest due from the 20th March to the 20th November last on the Anglo-Indian loan. I am to enclose a receivable order for that amount, and to say that, if the Secretary of State for Foreign Affairs sees no objection, it would be convenient if, in the future as in the past, the Imperial Bank were to correspond direct with this Office on the subject of such receipts.

I am, &c.

R. RITCHIE.

[1761]

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[47045]

No. 494.

Sir G. Barclay to Sir Edward Grey.—(Received December 30.)

(No. 514.)

(Telegraphic.) R.

Tehran, December 30, 1910.

YOUR telegram No. 368 of 29th December.

No robberies on Bushire-Ispahan road have been reported since 5th December, but latest intelligence is that Soulet, owing to disaffection of his tribesmen, has failed to provide adequate guards or to recover plunder, and that cessation of robberies is due solely to wintry weather.

Nevertheless, caravans are now passing along main Bushire-Shiraz road, though certain British firms have hesitated to dispatch goods by it unless I assured them that Persian Government would be held liable for losses.

It was principally to elicit official announcement which would enable me to give this assurance that I wrote to Minister for Foreign Affairs on 24th December (see my telegram No. 512 of 28th December).

Persian Government's note, of which I reported substance in my immediately preceding telegram, has served my purpose, and I have telegraphed desired assurance to Shiraz and Bushire this morning.

[46951]

No. 495.

Sir Edward Grey to Sir G. Barclay.

(No. 369.)

(Telegraphic.) P.

Foreign Office, December 30, 1910.

SOUTHERN roads.

Please let me have your views on the subject immediately by telegraph (see your telegram No. 513 of the 29th December).

[46951]

No. 496.

Foreign Office to India Office.

Sir,

Foreign Office, December 30, 1910.

I AM directed by Secretary Sir Edward Grey to transmit to you herewith copy of telegram from His Majesty's Minister at Tehran,* giving a summary of the reply returned by the Persian Government to the note addressed to them on the 17th ultimo respecting the insecurity prevailing on the roads of Southern Persia.

I am to inform you that a telegram has been addressed to Sir G. Barclay, asking him to furnish Sir E. Grey with his views on this communication by telegraph.

I am, &c.

W. LANGLEY.

[47002]

No. 497.

Sir Edward Grey to Sir G. Barclay.

(No. 210.)

Sir,

Foreign Office, December 31, 1910.

THE Italian Ambassador informed Sir Arthur Nicolson on the 24th December last that his Government had again been approached by the Persian Government for the loan of officers. His Excellency stated that the Italian Government had replied that the service requirements prevented them from meeting the wishes of the Persian Government. Sir Arthur Nicolson thanked the Italian Ambassador for this information.

I am, &c.

E. GREY.

* No. 490.

[46192]

No. 498.

Foreign Office to Treasury.

Sir,

Foreign Office, December 31, 1910.

I AM directed by Secretary Sir Edward Grey to transmit to you, to be laid before the Lords Commissioners of His Majesty's Treasury, copy of a despatch from His Majesty's Minister at Tehran,* in which is enclosed a report from His Majesty's consul-general at Bushire recommending the permanent maintenance of an escort of four men for His Majesty's consulate at Mohammerah. †Lieutenant-Colonel Cox's report was addressed to the Government of India, and I am further to transmit to you copy of a letter from them supporting his recommendations. ‡

I am to inform you that the India Office have already consented to admit one-half of the expenditure involved in this arrangement, estimated at 4,030 rupees in all, as a charge on Indian revenues, and I am to express the hope that, in view of the considerations advanced in the enclosed correspondence by the Government of India, Sir G. Barclay, Colonel Cox, and His Majesty's consul at Mohammerah, which appear to Sir E. Grey to possess considerable importance, the Lords Commissioners may see their way to sanction the payment of the remaining moiety out of Imperial funds.

I am, &c.

LOUIS MALLET.

[46186]

No. 499.

Foreign Office to India Office.

Sir,

Foreign Office, December 31, 1910.

I AM directed by Secretary Sir Edward Grey to acknowledge receipt of your letter of the 21st December regarding a proposal that Lieutenant Wilson should proceed on a tour for the purpose of investigating the Dizful-Burujird section of a projected Mohammerah-Julfa railway.

In reply I am to state, for the information of the Earl of Crewe, that, in view of the pending consideration, in conjunction with the Russian Government, of the trans-Persian railway scheme, Sir E. Grey considers that the proposed survey should not now be made. He is of opinion that if His Majesty's Government were to make preparations for the construction of other railways in Persia, while still reluctant to concur in the trans-Persian railway project, the anxiety and impatience felt in Russia as to that scheme would inevitably be increased.

I am, &c.

LOUIS MALLET.

[46354]

No. 500.

Foreign Office to India Office.

Sir,

Foreign Office, December 31, 1910.

WITH reference to letter from this Office of the 19th December on the subject of the arrangement come to between the Persian Government and the Imperial Bank of Persia in respect to the Anglo-Indian loan of 1903-4, I am directed by Secretary Sir Edward Grey to transmit to you herewith copy of a further letter from the bank. †

As regards the point raised in the second paragraph of this communication, the letter above referred to contained an enquiry as to whether a receivable order should be forwarded to the bank from this Office.

In the last paragraph it is suggested that, for the simplification of accounts, the sum of 8,452l. 4s., representing the proportion due to the bank of the sum owed by the Persian Government on account of arrears of interest, should be deducted from the first instalment of principal payable in March 1913.

I am to enquire what reply the Earl of Crewe would wish to be returned to this proposal.

I am, &c.

LOUIS MALLET.

* No. 448.

† Enclosure in 473.

‡ No. 477.